

DECISIONS

OF THE

RAILROAD COMMISSION

OF THE

STATE OF CALIFORNIA

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# CALIFORNIA RAILROAD COMMISSION DECISIONS.

DECISION No. 13629.

IN THE MATTER OF THE APPLICATION OF THE GLENDALE AND  
MONTROSE RAILWAY FOR PERMISSION TO CANCEL COMMUTA-  
TION FARES BETWEEN EAGLE ROCK, CALIFORNIA, AND GLEN-  
DALE, CALIFORNIA.

Application No. 9729.

Decided May 31, 1924.

*O. T. Helpling, P. L. Hatch and W. M. Mills, for Applicant.*

BY THE COMMISSION.

## OPINION.

This is an application filed under section 63 of the Public Utilities Act for authority to cancel commutation fare of \$1 for thirty-ride family tickets between Glendale (Broadway and Brand boulevard) and Eagle Rock (Central avenue), as carried in item No. 8 of Glendale and Montrose Railway's Local Passenger Tariff No. 2-C, C. R. C. No. 5.

A public hearing was had before Examiner Geary at Los Angeles on April 23, 1924, and the proceeding having been duly submitted is now ready for a decision.

This applicant has been before the Commission a number of times during the past ten years with applications seeking readjustments of rates in efforts to make possible the continuance of the streetcar and interurban service at Glendale. It will not be necessary to go into the details of these cases, but the operations have been maintained at a continual loss. The general balance sheet for the year ended December 31, 1923, shows a deficit balance of \$81,116.41. The calendar year ended December 31, 1923, shows railway operating revenues \$49,039.32; railway operating expenses \$53,845.29; net revenue railway operations \$4,805.97; taxes \$3,559.81; operating income \$8,365.78 (deficit).

The three months ended March 31, 1924, show operating revenues \$22,408.06; railway operating expenses \$28,422.84; net operating revenue \$6,014.78; taxes accrued \$696.72; operating income (deficit) \$6,711.50.

These three months, however, represent the dull months of the year, and probably the actual loss for the twelve months' period of 1924 will not be greatly in excess of the operating loss for the year 1923.

The Great Western Improvement Company is the majority stockholder of the Glendale and Montrose Railway and this owning corporation has been advancing the money necessary to keep the line in operation.

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Testimony and exhibits were introduced by the company's auditor and general manager giving the details of the financial condition of the company, its operations and the efforts being made to improve the service with the hope of getting the property on a paying basis. At the present time tracks are being changed and improved in certain districts by reason of joint arrangements with the Los Angeles and Salt Lake Railroad. This latter company has entered into an arrangement for the handling of its freight by the Glendale and Montrose Railway, and it is expected that these arrangements will assist materially in correcting the financial difficulties of this applicant.

Notwithstanding the fact that notice of the proposed change in rates was published in the papers and direct notices forwarded to interested city officials and organizations, there were no appearances in opposition to the application.

The applicant presented a newspaper clipping to the effect that the city council, by motion, instructed the city attorney not to oppose the petition. This applicant, like many others throughout the United States, is continuing to suffer severely by reason of the general use of automobiles.

The fare to be canceled of \$1 for thirty rides, or 3½ cents per ride, will result in a straight 5-cent fare, a regular charge to streetcar riders throughout the country, and, therefore, no hardship will result to the traveler by reason of elimination of the \$1 commutation book.

Upon consideration of all the testimony and exhibits, we are of the opinion that the present thirty-ride family commutation fare of \$1 is unreasonable and noncompensatory, and that the application should be granted.

#### ORDER.

The Glendale and Montrose Railway having filed an application with this Commission for authority to cancel thirty-ride family commutation fare of \$1 between Glendale and Eagle Rock, a public hearing having been held, the Commission being fully apprised, and basing its order on the findings of fact set forth in the preceding opinion:

*It is hereby ordered*, that the Glendale and Montrose Railway be authorized to amend its tariff by canceling the thirty-ride family commutation fare of \$1 between Glendale and Eagle Rock.

Dated at San Francisco, California, this thirty-first day of May, 1924.

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Decision No. 13631.

IN THE MATTER OF THE APPLICATION OF THE UNITED STAGES,  
INCORPORATED, A CORPORATION, FOR PERMISSION TO ISSUE  
STOCK.

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Application No. 9945.

Decided May 31, 1924.

*T. Morgan*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this matter, as originally presented to the Commission, United Stages, Incorporated, asked permission to issue \$50,000 of stock. However, at the public hearing held before Examiner Williams, the company amended its application so as to request the Commission to make an order authorizing it to issue approximately \$33,200 of stock to reimburse its treasury, and to distribute such stock as a stock dividend.

United Stages, Incorporated, is engaged in operating auto stages for the transportation of passengers chiefly between Los Angeles and points in Imperial Valley. It reports its gross revenues for the year ending December 31, 1922, as \$144,680.76 and for the year ending December 31, 1923, as \$168,181.69, and its operating expenses during 1922 as \$125,203.92 and during 1923 as \$157,595.99. After making interest and other deductions it reports net profits for 1922 as \$14,020.78 and for 1923 as \$1,054.79. For the three months, January, February and March, 1924, a profit of \$7,693.99 is reported.

As of March 31, 1924, the company reports its assets and liabilities as follows:

Plant and equipment—		<i>Assets.</i>	
Cars	-----	\$86,622	11
Depot buildings	-----	4,176	37
Garage equipment	-----	3,267	23
Garage stock	-----	4,302	85
Furniture and fixtures	-----	3,574	71
Real estate	-----	11,558	29
Franchises	-----	26,880	04
Miscellaneous	-----	480	86
Total plant and equipment	-----	\$140,862	46
Current assets—			
Cash	-----	\$3,939	04
Notes receivable	-----	2,791	41
Accounts receivable	-----	4,308	54
Materials and supplies	-----	1,169	34
Total current assets	-----	12,208	33
Other assets—			
Prepaid expenses	-----	2,472	16
Total assets	-----	\$155,542	95
		<i>Liabilities.</i>	
Capital stock	-----	\$14,510	00
Current liabilities—			
Notes payable	-----	\$11,720	36
Accounts payable	-----	13,102	03
Total current liabilities	-----	24,822	39
Prepaid revenues	-----	250	00

## Reserves—

Depreciation—cars .....	\$48,142 55
Depreciation—garage equipment .....	1,023 50
Depreciation—depot buildings .....	2,531 40
Depreciation—furniture and fixtures .....	900 96
Four per cent highway tax .....	1,768 59
Other reserves .....	1,381 68
Total reserves .....	\$55,808 68
Surplus .....	60,151 88
Total liabilities .....	\$155,542 95

It appears that applicant heretofore has included in operating expenses amounts for depreciation at the rate of ten per cent per annum for buildings, plant and furniture, and at the rate of twenty-four, thirty-six and forty-eight per cent per annum for its automobiles. Testimony herein shows, however, that applicant has decided that the allowances for depreciation in some cases have been too high and that in the future, depreciation will be computed at the rate of 24 per cent per annum for stages.

After paying operating and other expenses, making allowance for depreciation and other purposes, and paying dividends, the company reports corporate surplus unappropriated as of March 31, 1924, as \$60,151.88. From this amount there is deducted \$26,880.04 representing amounts expended in the acquisition of franchises, leaving a balance of \$33,271.84, which, according to the testimony of T. Morgan, applicant's president, represents surplus earnings which have been invested in the property of the company. In this connection applicant has filed with the Commission, subsequent to the hearing in this matter, a statement showing in some detail the debits and credits to its corporate surplus. An analysis of this statement indicates that applicant's surplus earnings up to March 31, 1924, have been at least equal to the amount of stock it is now proposed to issue, and that such surplus earnings have been invested in the company's business and properties. Therefore, it appears that the company can properly be permitted to issue \$33,200 of stock to reimburse its treasury because of surplus earnings so invested.

## ORDER.

United Stages, Incorporated, having applied to the Railroad Commission for permission to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income:

*It is hereby ordered*, that United Stages, Incorporated, be and it is hereby authorized to issue not exceeding \$33,200 of its common capital

stock for the purpose of reimbursing its treasury on account of surplus earnings invested in properties.

The authority herein granted is subject to further conditions as follows:

1. After reimbursement of its treasury the stock herein authorized may be distributed to the present stockholders, as permitted and required by law, as a stock dividend.

2. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof. No stock may be issued after September 30, 1924.

Dated at San Francisco, California, this thirty-first day of May, 1924.

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DECISION No. 13632.

R. Z. ADAMS COMPANY, INCORPORATED,

vs.

BELVEDERE WATER COMPANY, A CORPORATION, AND JANSSE  
REALTY AND FINANCE COMPANY.

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Case No. 1939.

Decided May 31, 1924.

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*James P. Fitzpatrick and Dockweiler and Dockweiler and Finch, by John F. Dockweiler, for Complainant.*

*Gibson, Dunn and Crutcher, by H. F. Prince, for Defendants.*

BY THE COMMISSION.

**OPINION.**

In this proceeding the Commission is asked to order the refund to complainant of certain sums of money paid for the installation of water mains in Tract No. 4607, Los Angeles County.

The complaint alleges in effect:

That complainant is engaged in the real estate business and owned and subdivided an area of land known as Tract No. 4607, in Los Angeles County, and in order to secure a water supply for purchasers of lots in the subdivision, entered into an agreement with Jansse Realty and Finance Company on March 9, 1922, whereby the latter concern agreed to construct a pipe system for the distribution of water in the tract. Complainant obligated itself to pay to Jansse Realty and Finance Company the actual cost of the installation plus 10 per cent thereof, and Jansse Realty and Finance Company agreed to supply water to consumers in the tract, under the rules of the Belvedere Water Com-



pany then in force or any that might be sanctioned later by the Railroad Commission, and at the rates for water used as set forth in the agreement.

It is further alleged in effect that Janss Realty and Finance Company is the owner of all the capital stock of Belvedere Water Company, a public utility, which was granted a franchise by the board of supervisors of the county of Los Angeles February 10, 1915, to construct and operate water pipes in a territory which includes Tract No. 4607. Complainant states that it has paid to the Belvedere Water Company, through the Janss Realty and Finance Company, the entire cost of the pipes in the tract, which cost was not charged against the lots sold nor was it prorated among or paid by the purchasers of lots.

Complainant asks that there be refunded to it the cost of the installation of the pipe lines in Tract No. 4607 when the revenue from sales of water therein equals a "certain percentage" of the cost of installation in accordance with the rules prescribed by this Commission and in accordance with the rules of Belvedere Water Company.

The answer of defendants constitutes a general denial of many of the allegations of complainant, and it is urged as a special defense that the contract referred to in the complaint was entered into between R. Z. Adams Company and the Janss Realty and Finance Company for and on behalf of the last mentioned concern, in its individual capacity as a private corporation and not for or on behalf of Belvedere Water Company, which had no interest in or to the contract.

A public hearing in this matter was held at Los Angeles before Examiner Williams, at which both oral and documentary evidence was presented, briefs have been filed, the matter has been submitted and is now ready for decision.

The testimony shows that the R. Z. Adams Company is a corporation organized in the early part of 1922 for the purpose of engaging in the business of buying and selling real estate. The company owned Tract No. 4607, Los Angeles County, and subdivided the same into 105 lots, which were then placed on sale, mostly upon contracts providing for deferred payments. In the receipts given purchasers at the time the initial payments were made the Adams Company agreed to provide a water supply for residents on the tract.

On March 9, 1922, the Adams Company entered into a contract with Janss Realty and Finance Company under the terms of which the Janss Company agreed to install a water system, and further agreed to supply water for domestic and business purposes to the consumers in this tract. When the contract was entered into, approximately twelve lots had been sold and several dwellings were in the process of construction. At the time the present proceeding was instituted there were 63 users

of water, and all lots with the exception of one had been sold by the Adams Company.

The testimony shows that the necessary pipe lines were duly installed in Tract No. 4607 and that the Adams Company has paid the Janss Realty and Finance Company therefor the sum of \$2,302.39. It was also shown that bills for service rendered had been presented to consumers by Belvedere Water Company, a public utility, or its successor, the Belvedere Water Corporation, which is now impressed with the public utility obligations of its predecessor. The evidence further indicates that Tract No. 4607 is within the area covered by county franchise or franchises of Belvedere Water Company.

Complainant's allegation that Janss Realty and Finance Company is the owner of all the capital stock of the Belvedere Water Company and that the officers of the Janss Realty and Finance Company transact and carry on all the business of the Belvedere Water Company, was not supported by the evidence, which indicates that the two concerns are separate and distinct entities. It was also shown that the Janss Realty and Finance Company is not and never has been a public utility.

The Janss Realty and Finance Company does not claim ownership in the water pipes installed in Tract No. 4607. On the other hand it asserts that the pipe lines were installed by it for the R. Z. Adams Company and are now owned by that concern. Title to the pipe lines has never been passed to the Belvedere Water Company or its successor, the Belvedere Water Corporation, by either the Janss Realty and Finance Company or the R. Z. Adams Company.

Careful consideration of the evidence submitted leads to the conclusion that the Belvedere Water Corporation, successor in interest of the Belvedere Water Company, is now supplying water developed outside of Tract No. 4607 to consumers located thereon, through water pipes or mains constructed in the tract by the Janss Realty and Finance Company for and on behalf of the R. Z. Adams Company. The evidence also indicates that the Janss Realty and Finance Company is a private corporation and that the contract between itself and the R. Z. Adams Company, executed March 9, 1922, is a private contract and not subject to regulation by this Commission.

Under the circumstances it is unnecessary for the Commission to pass upon the ownership of the pipe lines in question in this proceeding and this question may be pursued further by the R. Z. Adams Company, if it is judged advisable so to do, in the civil courts.

#### ORDER.

R. Z. Adams Company, Incorporated, having made complaint against Belvedere Water Company, a corporation, and Janss Realty and

Finance Company, a corporation, a public hearing having been held thereon, briefs having been filed, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that a certain contract between R. Z. Adams Company, Incorporated, and the Janss Realty and Finance Company, a corporation, executed March 9, 1922, and made a part of the complaint herein, is a private contract and not subject to the jurisdiction of this Commission.

Basing the order upon the foregoing finding of fact and upon the statements of fact set out in the preceding opinion:

*It is hereby ordered*, that the above entitled complaint be and the same is hereby dismissed.

Dated at San Francisco, California, this thirty-first day of May, 1924.

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DECISION No. 13637.

IN THE MATTER OF THE APPLICATION OF MATTIE L. GOODWIN AND GRACE WEBB, COPARTNERS DOING BUSINESS UNDER THE FIRM NAME AND STYLE OF QUINCY WATER WORKS, FOR ORDER APPROVING THE ISSUANCE OF NOTES AND MORTGAGES SECURING SAME.

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Application No. 10133.

Decided June 3, 1924.

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*C. S. Webb*, for Applicants.

BY THE COMMISSION.

**OPINION.**

In this application Mattie L. Goodwin and Grace Webb, copartners doing business under the firm name and style of Quincy Water Works, ask the Railroad Commission to make an order authorizing them to execute a mortgage and to issue a promissory note in the principal sum of not exceeding \$15,300 for the purpose of paying indebtedness, purchasing properties and financing the cost of additions and betterments.

Mattie L. Goodwin and Grace Webb are the owners of a water system used to supply water to the town of Quincy for domestic purposes, serving approximately 153 consumers. Applicants report gross revenues for the year ending December 31, 1921, as \$3,359.75, for the year ending December 31, 1922, as \$3,508.28, and for the year ending December 31, 1923, as \$3,668.80. After paying operating expenses, including taxes and depreciation, they report net operating revenues available for the payment of interest at \$1,813.07 in 1921, \$1,483.10 in 1922 and \$2,145.97 in 1923.

By Decision No. 9811, dated November 23, 1921 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 888), the Commission adjusted applicants' rates. In the decision the

Commission finds that \$14,354 represents the estimated original cost of applicants' used and useful public utility properties.

Applicants report that since 1921 the amount of water consumed in the town of Quincy, by reason of new buildings and increased use, has increased, while the amount of water available for such use, by reason of the light rain and snow fall for several years past and particularly for the years 1923 and 1924, has greatly decreased, with the result that the present supply of water in the town of Quincy within the control of and owned by applicants is inadequate for all purposes, and that it is imperative that an increased supply be procured. Applicants further report that within the last year they have increased their reservoir capacity to the extent of 250,000 gallons but that the present supply of available water is insufficient to fill such reservoir. To increase their water supply applicants intend to purchase, for approximately \$8,300, ninety (90) acres of land near Quincy upon which there arises about 15 inches of water measured under a 4-inch pressure. It is reported that with an added expense of about \$3,000 for pipe and its installation this water can be made available for use by applicants.

Applicants now have outstanding a \$4,000 note payable on July 11, 1925, to F. G. Gansner. This note was issued pursuant to authority granted by the Railroad Commission in Decision No. 9104, dated June 14, 1921. They now propose to pay this note. To obtain the necessary moneys to pay the note of \$4,000 to purchase the ninety (90) acres of land and to purchase and install the necessary pipe applicants ask permission to issue a note for not exceeding \$15,300 due on or before five (5) years after date with interest not exceeding seven (7) per cent per annum and to execute a mortgage to secure the payment of such note. The Commission has not yet received a copy of applicants' proposed mortgage. It will not authorize the execution of a mortgage until a copy thereof, satisfactory in form, has been filed with the Commission. The order herein will authorize the issue of the note and such note will be unsecured until applicants have received authority to execute a mortgage to secure the payment of the note.

#### ORDER.

Mattie L. Goodwin and Grace Webb, copartners doing business under the firm name and style of Quincy Water Works, having applied to the Railroad Commission for permission to issue a note for not exceeding \$15,300 and to execute a mortgage to secure the payment of such note, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such note is reasonably required by applicants and that this application should be granted as herein provided;

*It is hereby ordered*, that Mattie L. Goodwin and Grace Webb, copartners doing business under the firm name and style of Quincy Water Works, be and they are hereby authorized to issue a note for the principal amount of not exceeding \$15,300 payable on or before five (5) years after date and bearing interest not to exceed seven (7) per cent per annum. The proceeds obtained through the issue of such note, which proceeds are not to be less than the face amount of the note, are to be used for the following purposes:

To pay the note held by F. G. Gansner.....	\$4,000 00
To pay for the purchase of real property described in this application, approximately .....	8,300 00
To pay for pipe and its installation, necessary to make water purchase available for use, approximately.....	3,000 00
Total, approximately .....	\$15,300 00

*It is hereby further ordered*, that applicants shall keep such record of the issue, sale and delivery of the note herein authorized and of the disposition of the proceeds as will enable them to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted to issue an unsecured note will become effective when applicants have paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25. Under the authority herein granted no note may be issued after August 1, 1924.

Dated at San Francisco, California, this third day of June, 1924.

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DECISION No. 13638.

NICOLA DE LORENZO AND ANNA GUIDA

*vs.*

SAN JOSE WATER WORKS.

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Case No. 1997.

Decided June 3, 1924.

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*Fry and Jenkins*, by *Desmond L. Jenkins*, for Complainants.  
*Lieb and Lieb*, for Defendants.

WHITTLESEY, *Commissioner*.

#### OPINION.

The complaint in this case alleges that Nicola de Lorenzo and Anna Guida are the respective owners of two contiguous tracts of land adjoining the Cambrian reservoir of the San Jose Water Works; that for a period of more than thirty years the defendant has supplied the complainants with water from this reservoir for irrigation purposes at a

yearly charge of fifty dollars, except for the years 1922 and 1923 when the defendant refused to accept payment for the water furnished, and has refused to supply any water for irrigation since 1923; that the lands of the complainants are planted to orchards and will suffer great damage unless they are irrigated as heretofore by the waters from said reservoir.

The Commission is asked to direct the defendant to continue to supply water for irrigation purposes to complainants as heretofore and to fix a reasonable charge to be paid for such service.

The defendant's answer in general is a denial of the allegations of the complaint, but admits, however, that for many years past it has allowed the various occupants of the two tracts of land now owned by the complainants to use such waste or surplus waters as from time to time have overflowed from the Cambrian reservoir, for the use of which an annual flat charge of \$50 has been made. The answer further states that during the years 1921, 1922 and 1923 the Cambrian reservoir was reconstructed and enlarged, and that because of the increased capacity of the reservoir and the present abnormally dry year, there is at this time no surplus water available for the lands of the complainants; but that the defendant is now and at all times has been willing to allow the complainants to put to beneficial use any waste or surplus waters which may be available at the Cambrian reservoir.

A public hearing in the above entitled matter was held in San Jose, May 26, 1924.

The San Jose Water Works is a public utility supplying water for domestic and commercial purposes to the residents of the city of San Jose, the towns of Los Gatos and Saratoga and the intervening territory in Santa Clara County. Under normal operating conditions, Los Gatos and Saratoga and adjacent communities are supplied by gravity water obtained from catchment areas in the Santa Cruz Mountains and the operating surplus is stored in the Cambrian reservoir for delivery to San Jose.

Although the territory traversed by the transmission lines of the San Jose Water Works is most completely given over to intensive fruit growing, the evidence in this case shows that this company has consistently confined its public utility sales of water to domestic, municipal and industrial uses, and has never held itself out to supply, nor has it supplied, any water for the irrigation of farms and orchards except in the specific instance of the lands owned by the complainants where such service has been strictly limited to waste waters overflowing the Cambrian reservoir.

Uncontroverted evidence shows that the water delivered to complainants' lands was waste water only and that there never had been a

definite date or time set by the company for water deliveries to the complainants or any of the former owners or occupants of the premises; in fact, the overflows occurred at irregular and intermittent intervals and frequently at inconvenient hours, but nevertheless had to be utilized when available rather than upon the demand of the users.

As a result of insufficient rainfall and the consequent depleted storage, the San Jose Water Works is now facing a serious water shortage. The inadequacy of the gravity waters which in normal years maintained the reserve supply in the Cambrian reservoir has already made it necessary to pump back at considerable expense into this reservoir from the wells in San Jose. Obviously there will be little, if any, surplus water available for irrigation purposes while such conditions exist.

At the request of the defendant, no rate will be established at this time for the future delivery of surplus water from the Cambrian reservoir for irrigation purposes because of the general rate proceeding of the San Jose Water Works, Application No. 9579, now pending before the Commission.

It is evident that the complainants herein have failed to establish any right to receive irrigation service from the reservoirs or pipe lines of the defendant, San Jose Water Works, except as to such waste or surplus waters as from time to time may be available at the Cambrian reservoir. The complaint therefore must be dismissed.

#### ORDER.

Complaint having been made as entitled above against the San Jose Water Works for refusal to furnish complainants with water to irrigate their lands, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the premises:

It is hereby found as a fact that the San Jose Water Works, a corporation, defendant herein, is under no public utility obligation to furnish water for orchard irrigation purposes to the lands of Nicola de Lorenzo, and Anna Guida, complainants, and that the complainants have failed to establish a right to receive irrigation service from the above named defendant other than the right to receive waste or surplus waters, if and when such waters are overflowing from the defendant's Cambrian reservoir.

And basing its order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that the above entitled complaint be and it is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this third day of June, 1924.

## DECISION No. 13647.

IN THE MATTER OF THE APPLICATION OF EL DORADO WATER CORPORATION FOR AN ORDER TO MODIFY AND CHANGE ITS RATES FOR FURNISHING WATER.

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Application No. 9814.

Decided June 3, 1924.

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*R. W. Brown*, for Applicant.  
*W. S. Bates*, for certain consumers.

*WHITTLESEY*, Commissioner.

**OPINION.**

El Dorado Water Corporation, a public utility engaged in the business of supplying water for domestic, mining, industrial and irrigation purposes in the vicinity of Placerville, El Dorado County, makes application for an adjustment and increase in rates.

The application alleges in effect that the present rate schedule was established by Decision No. 10166, rendered by this Commission March 7, 1922, in Application No. 7515 of the El Dorado Water Company, the former owner of this water system; that subsequent thereto a transfer of the property was made to the El Dorado Water Corporation, the applicant herein, in connection with a reorganization of the former company with the same ownership and management, for the purpose of refinancing; that subsequent to the rendition of this decision, applicant has largely increased its capital investment by the construction of the Webber Creek dam and canal, which provides an additional source of supply, and by certain additions and betterments to the main system; and that the present rates are noncompensatory and do not produce sufficient revenue to meet the necessary maintenance and operation expenses, depreciation annuity, and in addition allow for an adequate and proper interest return on the increased value of its property. Therefore, the request is made for an order of the Commission authorizing a schedule of increased rates.

A public hearing in this proceeding was held at Placerville following the usual notification given to all consumers inviting them to be present and be heard in the matter.

The present operative system consists of some 63 miles of main ditch and laterals, diverting from the Western States Gas and Electric Company's main canal at a point about 14 miles above Placerville, together with pipe distribution mains which provide service for the industrial and domestic users outside the city of Placerville. On the ditch system are eight small regulating reservoirs formed by earthen dams having a total storage of 239 acre-feet. The water supply is obtained by purchase from the canal of the Western States Gas and Electric Company in accordance with a schedule of measured rates agreed upon at the time the ditch system was acquired in 1919. The quantity of water



that may be so purchased is limited to a maximum of 304,200 miner's inch days in any year, with a maximum flow of 1600 miner's inches per day.

The Webber Creek project, which has been under construction the past two years, consists of a triple arch concrete dam erected on the North Fork of Webber Creek to a present height of 90 feet, and some eight miles of canal to connect with the main system. Upon the completion of the latter canal about June 1st, this project, with about 2000 acre-feet storage supplied from 12 square miles of drainage area, will become operative. In the future it is the intention to raise this dam to 110 feet in height and thus provide about 500 acre-feet additional storage capacity.

This utility is owned and controlled by the El Dorado Water Users' Association, a corporation, which holds the capital stock and whose members constitute approximately 50 per cent of the present consumers on the system, with a combined irrigation use of over 70 per cent of the total quantity of water delivered.

The present rates for water used for irrigation and mining purposes are as follows:

*Schedule 1—Demand Rate:*

Covering use of water upon demand by consumer, per miner's inch day of 24 hours -----	\$0 30
---	--------

*Schedule 2—Seasonal Rate:*

Covering use of water by continuous flow, or its equivalent in prearranged periods, during the irrigation season of 122 days extending from May 25th to September 24th, inclusive, per miner's inch per season-----	30 00
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Payable at the rate of \$6 per inch at the time of filing of application for water, on or before May 15th of each year, the remainder to be payable at the rate of \$6 per inch per month beginning June 30th.

For water delivered prior to May 25th or subsequent to September 24th per miner's inch day of 24 hours-----	0 24
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The rate base allowed by this Commission in the above mentioned Decision No. 10166, which established the rate schedule at present in effect, was \$56,266, representing the actual capital investment of this utility as of January 1, 1922.

H. A. Noble, one of the Commission's hydraulic engineers, made a field investigation of the system and an examination of the capital expenditures and maintenance and operation expenses. The results of this investigation were compiled and included in a report, which was submitted in evidence at the hearing and accepted by applicant without protest. This report shows a total of \$195,475 properly chargeable to additions and betterments to plant made subsequent to January 1, 1922. The evidence shows that additional expenditures estimated at \$30,000 will be required to complete the ditch and pipe lines so as to bring the Webber Creek project into use. Funds for the purpose have been raised by an issue of 7 per cent preferred stock recently authorized by the Commission. This work will be completed in time to make an additional water supply available for the present irrigation season.

Summarizing the foregoing items there is obtained a total of \$281,741, which may be used as a reasonable rate base for the purpose of the present proceeding.

In determining the rate base set out above, consideration was given the financial statement submitted by applicant showing a total of \$349,432 as the fixed capital installed as of January 1, 1923. An analysis of the details of the various items comprising this total shows that the difference is largely accounted for by the substitution by the utility of the estimated historical cost less depreciation of the various items of property, for the original purchase price of \$25,000 paid in 1919 to Western States Gas and Electric Company for the ditch system.

The depreciation annuity allowed by the Commission in the prior rate proceeding was \$881, and was computed by the 6 per cent sinking fund method. Adding to this sum the amount submitted by the Commission's engineer for additions and betterments installed subsequently, and obtained by similar computations, with the further addition of a reasonable allowance for the Webber Creek project, now under construction, the resulting total depreciation annuity is found to be \$1,080.

The maintenance and operation expenses, exclusive of the charge for depreciation, totaled \$24,969.84 for the year 1922 and \$25,046.86 for 1923. The details submitted of these expenditures have been examined and found to be properly charged and reasonable as compared with other utilities of similar character and size. After taking into consideration operating conditions which will obtain in the future and the requirements for rendering proper and efficient service to consumers, it appears that a reasonable allowance for future maintenance and operation expenses of this system will be \$25,600.

The rates at present in effect produced a total revenue during the year 1923 of \$39,164.49. Deducting therefrom the amounts indicated above as reasonable allowances for depreciation and for maintenance and operation expenses, which total \$26,680, we obtain the remainder \$12,484 available for return. This latter sum is equivalent to approximately 4.4 per cent return upon the rate base of \$281,741, set out above. Under the circumstances applicant is entitled to an increase in rates.

The following tabulation gives the total quantity of water delivered annually for the past four years, segregated to the different uses, and showing that use under the irrigation rate has approximated 70 per cent of the total:

Use of water	1920	Miner's inch days		1923
		1921	1922	
Irrigation and mining .....	84,956	82,408	106,405	111,757
Domestic and manufacturing .....	34,224	47,857	13,733	13,602
City of Placerville—municipal .....	11,408	13,177	27,808	26,937
Total delivered .....	130,588	143,442	147,946	152,296
Acres irrigated (approximately) .....	4,000	4,200	5,000	5,000

Analysis of the 1923 irrigation use as submitted shows that there was delivered under the demand rate 26,303 miner's inch days to 150 consumers, mainly small users, and under the seasonal rate 85,454 miner's inch days to 115 consumers. The evidence shows that, due to such a large proportion of the consumers requiring delivery of water on the demand basis, the utility has encountered difficulties in making deliveries and in rendering proper and efficient service, as demand water is largely called for during short periods in midsummer when irrigation is at the peak, rather than spreading the use over the irrigation season.

In order to induce the consumer of small quantities of water to spread his demands over the entire irrigation season and thereby relieve this situation, it is recommended that there be included in the rate schedule a special seasonal rate under which the quantity applied for may be cumulated monthly for deliveries at certain fixed periods each month as required and as arranged for.

After an analysis of the details of the 1923 water use, together with a consideration of all the facts submitted, the rate schedule set out in the accompanying order has been computed and designed to yield the necessary annual charges of the system, including what under the circumstances is a reasonable interest return on the investment in the property.

The following form of order is submitted:

#### ORDER.

El Dorado Water Corporation having made application to the Commission for authority to increase the rates charged for water delivered for irrigation and mining purposes, a public hearing having been held thereon, and the matter having been submitted:

It is hereby found as a fact that the rates now charged by El Dorado Water Corporation, in so far as they differ from the rates herein established, are unjust and unreasonable, and that the rates herein established are just and reasonable rates to be charged for water delivered to consumers.

And basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that the El Dorado Water Corporation be and it is hereby authorized and directed to file with this Commission, within twenty (20) days of the date of this order, the following schedule of rates to be charged for water delivered to consumers for irrigation and mining uses and effective for all water delivered subsequent to July 1, 1924:

**Irrigation and Mining Rates.****Schedule 1—Demand Rate:**

For use of water delivered during the period from May 25th to September 24th, inclusive, upon demand made by consumer, per miner's inch day of 24 hours ----- \$0 45

**Schedule 2—Seasonal Rate:**

- (a) For use of water delivered by a continuous flow during the irrigation season, extending from May 25th to September 24th, inclusive, per miner's inch per season----- 34 00
- (b) For use of water applied for as a continuous flow during the irrigation season, extending from May 25th to September 24th, inclusive, to be delivered on a thirty-day cumulative flow basis at certain pre-arranged periods or runs each month, per miner's inch per season--- 38 00
- (c) For use of water delivered prior to May 25th or subsequent to September 24th, per miner's inch day of 24 hours----- 28

The rates at present in effect for service of water for all other purposes and uses shall remain unchanged.

*It is hereby further ordered,* that payments for water to be delivered under the foregoing schedules of irrigation and mining rates shall be made as follows:

1. Under the demand rate, Schedule 1, payment shall be made as provided for and specified in the utility's rules and regulations.
2. Under the seasonal rate, Schedule 2 (a) and 2 (b), payments shall be made in three equal annual instalments, becoming due and payable on May 15th, July 1st and October 1st, respectively.
3. For water delivered under Schedule 2 (c); payments shall be made as provided and specified in the utility's rules and regulations.

During the irrigation season of 1924 water supplied prior to July 1, 1924, shall be charged for in accordance with the schedule of rates established by this Commission in Decision No. 10166, dated March 7, 1922. Water supplied subsequent to June 30, 1924, shall be charged for in accordance with the schedule set out in this order.

*It is hereby further ordered,* that within thirty (30) days from the date of this order, El Dorado Water Corporation shall file with this Commission, for approval, such amendments to and changes in its rules and regulations governing deliveries of water and method of payments of the rates as are necessary to conform with the rate schedule herein established.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this third day of June, 1924.

DECISION No. 13648.  
JACOBS, MALCOLM AND BURTT

vs.

BERKELEY TRANSPORTATION COMPANY.

Case No. 1974.

Decided June 3, 1924.

*Harold A. Bishop*, for the Complainant.  
*Gwyn H. Baker*, for the Defendant.

BY THE COMMISSION.

**OPINION.**

Complainant alleges that the defendant operates as a common carrier of property by vessel between San Francisco and the California State Prison, at San Quentin; that it has not filed with this Commission tariffs covering such carriage, as required by the Public Utilities Act; that it is engaged in the transportation of property in violation of section 17 of the act and that the rates charged complainant for the transportation of potatoes, onions and fresh fruit between said termini are unjust and unreasonable. We are asked to ascertain and fix the just and reasonable rates for such carriage; to award complainant reparation for charges paid by it in excess of such rates, and to direct the filing of tariffs to apply to such carriage in future.

By its answer defendant declares it is not a common carrier of property between San Francisco and San Quentin, but admits it is a common carrier between San Francisco and Berkeley, for which latter service proper tariffs have been published and filed. As a further defense it avers that the property transported between San Francisco and the prison dock, within the California State Prison, is rendered by virtue of a contract with the State Board of Prison Directors of the State of California, and that the rates assessed were not unjust or unreasonable.

A hearing upon this matter was held before Examiner Geary on February 26, 1924, at which time complainant filed a detailed statement of shipments upon which it claims reparation. These shipments moved between January 1, 1922, and December 31, 1923, and consisted of the following:

Commodity	Weight	Rate per cwt.
Potatoes in sacks -----	806,769 lbs.	15 cents
Onions in sacks -----	132,927 lbs.	15 cents*
		20 cents†
		15 cents‡
Lemons -----	13 boxes	20 cents
Bananas -----	13,870 lbs.	20 cents
Oranges -----	5 boxes	20 cents

\*Applicable from January 1, 1922, to November 17, 1922.

†Applicable from November 18, 1922, to February 25, 1923.

‡Applicable from April 28, 1923, to December 31, 1923.

To support its contention that the rates assessed were unjust and unreasonable, complainant presented Exhibit No. 3, which is set forth below :

**Comparative Rates on Less Carload Shipments of Potatoes and Onions on  
San Francisco Bay and Tributaries.**

From	To	via	Distance miles	Rates in cents per cwt.
Sacramento	San Francisco	California Transportation Co.-----	125	13½
Stockton	San Francisco	California Nav. and Imp. Co.-----	103	13½
San Francisco	Petaluma	Petaluma and Santa Rosa Ry.-----	30	10½
San Francisco	Berkeley	Berkeley Transportation Co.-----	5	12½
San Francisco	San Quentin	Berkeley Transportation Co.-----	10	{ 15 20*

\*Rate 20 cents per cwt. charged on onions, period November 18, 1922, to February 25, 1923.

It is the complainant's position that the rates from San Francisco to San Quentin should not exceed those contemporaneously in effect under defendant's tariffs from San Francisco to Berkeley.

The haul from San Francisco to Berkeley is five miles and from San Francisco to San Quentin ten miles. The operating conditions between San Francisco and Berkeley and between San Francisco and San Quentin are entirely dissimilar. There is a steady flow of tonnage in the Berkeley service which is not offered in the San Quentin operations. The round trip San Francisco to Berkeley consumes approximately two hours and fifteen minutes under favorable conditions, while the barge used to transport the freight between San Francisco and San Quentin requires five days to make the round trip, because of the fact that the dock at San Quentin is within the prison yard, and the prison authorities will not permit any boat to land until after the prisoners are confined for the night, or subsequent to 5.15 p.m. At low tide the dock is unapproachable by boats and defendant can only operate with the high tide, which, in many instances, necessitates moves in the night to meet the tidal conditions. Present regulations require that the barges remain at San Quentin until unloaded, making necessary an additional trip of the motor vessel in order to pick up the returning empty or loaded barges.

Comparison of rates to be of value must be with rates established to meet similar conditions, and because of the peculiar operations at San Quentin the service is in no way comparable with the services rendered by the carriers operating under the rates shown in complainant's Exhibit No. 3, and no exhibits were presented to show the costs of the service between San Francisco and San Quentin.

It appears that this defendant operated, at the time the shipments in question moved, two distinct transportation services, one a daily between San Francisco and Berkeley, distance of five miles, the other on an irregular schedule of about once a week, between San Francisco and San Quentin, a distance of ten miles.

Complainant's contention that the just and reasonable rates over the San Quentin route could not exceed those contemporaneously in effect between San Francisco and Berkeley has not been maintained. Defendant's service to San Quentin is rendered primarily for the State of California, the contract for such carriage having been awarded annually for several years past after competitive bidding; this contract specifies rates to be charged for the transportation of certain commodities, the rates for 1922, 1923 and 1924 being shown below:

From	To	Commodity	1922	1923	1924
San Francisco	San Quentin	Raw jute ----- (per bale)	\$0 40	\$0 30	\$0 35
San Quentin	San Francisco	Jute bags ----- (per bale)	40	30	35
San Quentin	San Francisco	Manufactured goods ----- (per cwt.)	30	25	30
San Francisco	San Quentin	Coal and coke ----- (per ton)	----	90	1 25
Freight not otherwise specifically provided for, either way, (per cwt.) -----			12 1/2	10	15

The testimony shows that the item "Freight not otherwise specifically provided for" was purposely given a low rate as a means of securing the contract, there being active competition for its award. Very little freight has been actually carried under this rate for the state. Complainant, however, was assessed a higher rate than that contemporaneously in effect in the contract and, it appears, defendant has been charging a higher rate on shipments made f. o. b. San Quentin than those made f. o. b. San Francisco upon the theory that title to the latter shipments was in the state before the carriage commenced and that the contract rate should, therefore, apply; whereas title in the former case was in the shipper until the goods were set down on the dock at San Quentin. Moreover, in the former case the freight charges appear usually to have been collected from the individual shipper, while in the latter they have been paid by the state.

There can be no question but that this defendant, in addition to transporting freight under contract for the State of California, had held itself out to the public to transport to San Quentin such goods as might be offered to it for shipment, and that as to such shipments it is a common carrier subject to the regulations of this Commission under the provisions of the Public Utilities Act. The fact, however, that it is thus engaged as such common carrier would not render it unlawful for the defendant to assess a different rate on shipments of property for the state even if such carriage were to be considered a part of its common carrier service, for by section 17 of the Public Utilities Act common carriers are specifically authorized to transport property for the state at free or reduced rates and the real question, therefore, which must be decided in connection with this complaint is whether or not the rates actually assessed to complainant are just and reasonable *per se* for the service rendered.

As complainant has offered no evidence to warrant a finding that the rates applied and the charges assessed are unreasonable, we must find

that the charges assailed are not unreasonable, and the complaint will be dismissed.

On August 17, 1923, section 50 of the Public Utilities Act was amended (Statutes 1923, chapter 387, page 834) providing, in part, that carriers shall not operate between points exclusively on the inland waters of this state without first having obtained from the Railroad Commission a certificate declaring that present or future convenience and necessity require, or will require, such operation, but no such certificate shall be required of any corporation or person actually operating vessels in good faith, at the time this act becomes effective, between points exclusively on the inland waters of this state under tariffs and schedules of such corporations or persons, lawfully on file with the Railroad Commission. No tariffs covering the service here in question were on file with this Commission prior to August 17, 1923, and no application has been made by the defendant for a certificate of public convenience and necessity authorizing it to operate as a common carrier between San Francisco and San Quentin.

It seems that, beginning January 1, 1924, a new policy was put into effect on the part of the State Purchasing Department that bids for supplies for San Quentin prison would generally be f. o. b. shipping point, and that the rates specified in the defendant's contract would, therefore, apply to such shipments.

If defendant desires to continue to transport property as a common carrier over this route, application for a certificate of public convenience and necessity should be made and a certificate secured from this Commission authorizing such operation.

#### ORDER.

Complaint having been made that certain rates charged by the Berkeley Transportation Company for the carriage of property from San Francisco to San Quentin were unjust and unreasonable, a public hearing having been held, evidence having been taken, the matter having been submitted and being now ready for a decision, it is hereby found as a fact that the rates herein complained of were not in fact unjust or unreasonable, but that in rendering such service defendant has held itself out as a common carrier between San Francisco and San Quentin.

*It is hereby ordered*, that the defendant immediately take the necessary action to comply with all provisions of the Public Utilities Act in connection with the common carrier service performed between San Francisco and San Quentin.

*It is hereby further ordered*, that this complaint be and it is hereby dismissed.

Dated at San Francisco, California, this third day of June, 1924.



## DECISION No. 13650.

IN THE MATTER OF THE APPLICATION OF SOUTHERN COUNTIES GAS COMPANY OF CALIFORNIA FOR AUTHORITY TO WITHDRAW CERTAIN MONEY ON DEPOSIT WITH CENTRAL TRUST COMPANY OF ILLINOIS, TRUSTEE UNDER ITS TRUST INDENTURE OF DATE, MAY 1, 1916.

Application No. 10132.

Decided June 5, 1924.

*LeRoy M. Edwards*, for Applicant.

BRUNDIGE, *Commissioner*.

## OPINION.

In this application Southern Counties Gas Company of California asks permission to use \$1,562,168.76 received from the sale of its properties in Long Beach for the purpose of financing the cost of betterments, extensions and improvements to its plants and properties.

Southern Counties Gas Company of California, by Decision No. 13545, dated May 13, 1924, in Application No. 9991, was authorized to sell to the city of Long Beach its gas distributing system in the city of Long Beach and contiguous unincorporated territory as more particularly described in Exhibit "A" attached to the application. The order of the Commission provides that before the company may expend any of the proceeds received from the sale of such properties it should first secure from this Commission a supplemental order authorizing the proposed expenditure.

The company now reports that it has sold its properties to the city of Long Beach at a net price of \$2,085,272.55 and that this money is now on deposit with the Central Trust Company of Illinois, the trustee under its trust indenture of May 1, 1916. The company has now filed this application requesting permission to use a portion of these proceeds, instead of filing a supplemental petition in Application No. 9991.

Applicant reports that subsequent to August 1, 1923, and prior to April 30, 1924, it expended \$1,536,237.14 for additions and betterments. The amount so expended is segregated by applicant as follows:

<i>District</i>	<i>Amount expended</i>
Orange County -----	\$274,400 08
Whittier -----	140,149 44
Pomona -----	160,456 88
Monrovia -----	83,238 12
Long Beach (credit) -----	44,167 51
San Pedro -----	242,314 19
Santa Monica -----	437,692 98
Santa Barbara -----	103,917 84
Ventura -----	151,105 34
General (credit) -----	12,930 22
Total -----	\$1,536,237 14

In addition to these expenditures, applicant reports other expenditures for fixed capital prior to August 1, 1923, of \$25,931.62 which have not heretofore been capitalized. Adding this amount to the \$1,536,237.14 results in a total of \$1,562,168.76 which applicant reports has not heretofore been paid or provided for through the issue of stocks or bonds.

By Decision No. 12992, dated January 4, 1924, in Application No. 9583, the company was authorized to issue and sell \$580,900 of its first mortgage bonds for the purpose of financing in part expenditures for fixed capital during the months of August, September and October, 1923. It is of record in this proceeding, however, that applicant has not issued any of the bonds authorized by Decision No. 12992 and does not intend to do so. Instead, it proposes to finance the cost of the expenditures during these three months and during the succeeding six months with proceeds obtained from the sale of its properties.

I herewith submit the following form of order:

**ORDER.**

Southern Counties Gas Company of California, having applied to the Railroad Commission for permission to withdraw proceeds obtained from the sale of its properties for the purpose of financing the cost of betterments, extensions and improvements, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted;

*It is hereby ordered*, that Southern Counties Gas Company of California be and it is hereby authorized to withdraw from the Central Trust Company of Illinois, trustee under its trust indenture of May 1, 1916, the sum of \$1,562,168.76, which sum was obtained from the sale of its properties in Long Beach, and to use such sum for the purpose of financing the cost of the betterments, extensions and improvements made prior to April 30, 1924, and referred to in the foregoing opinion, provided that only such expenditures as are properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Railroad Commission may be financed through the use of the \$1,562,168.76 or any part thereof.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fifth day of June, 1924.

## DECISION No. 13657.

MADEWELL MANUFACTURING COMPANY AND WESTERN PIPE AND  
STEEL COMPANY OF CALIFORNIA

vs.

AMADOR CENTRAL RAILROAD COMPANY, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, BAY POINT AND CLAYTON RAILROAD COMPANY, CALIFORNIA CENTRAL RAILROAD COMPANY, CALIFORNIA WESTERN RAILROAD AND NAVIGATION COMPANY, CHOWCHILLA PACIFIC RAILWAY COMPANY, HOLTON INTERURBAN RAILWAY COMPANY, LOS ANGELES AND SALT LAKE RAILROAD COMPANY, McCLLOUD RIVER RAILROAD COMPANY, MODESTO AND EMPIRE TRACTION COMPANY, NEVADA-CALIFORNIA-OREGON RAILWAY, NEVADA COUNTY NARROW GAUGE RAILROAD COMPANY, NORTHWESTERN PACIFIC RAILROAD COMPANY, PACIFIC COAST RAILWAY COMPANY, PACIFIC ELECTRIC RAILWAY COMPANY, PAJARO VALLEY CONSOLIDATED RAILROAD COMPANY, PETALUMA AND SANTA ROSA RAILROAD COMPANY, SACRAMENTO NORTHERN RAILROAD, SAN DIEGO AND ARIZONA RAILWAY COMPANY, SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY, SANTA MARIA VALLEY RAILROAD COMPANY, SIERRA RAILWAY COMPANY OF CALIFORNIA, SOUTHERN PACIFIC COMPANY, SUNSET RAILWAY COMPANY, TIDEWATER SOUTHERN RAILWAY COMPANY, VISALIA ELECTRIC RAILROAD COMPANY, THE WESTERN PACIFIC RAILROAD COMPANY, YREKA RAILROAD COMPANY, CENTRAL CALIFORNIA TRACTION COMPANY.

Case No. 1962.

Decided June 5, 1924.

**RATES—STEAM RAILROAD—IRON AND STEEL SURFACE PIPE.**—The Commission finds the present rates unreasonable and excessive and restores the classification applying to pipe prior to war changes, but subject to minimum class rate scale.

*E. W. Hollingsworth, R. T. Boyd and Bishop and Bahler*, for the Complainants.  
*Elmer Westlake*, for all Defendants.

*A. M. Reinhardt*, for The Atchison, Topeka and Santa Fe Railway, Modesto and Empire Traction Company and Sunset Railway Company.

*J. L. Totten*, General Freight Agent, for Los Angeles and Salt Lake Railroad Company.

*G. J. Bradley*, for Merchants and Manufacturers Traffic Association of Sacramento.  
*Seth Mann*, for San Francisco Chamber of Commerce.

*Frank M. Hill*, for Fresno Traffic Association.

BY THE COMMISSION.

**OPINION.**

Complainants, Madewell Manufacturing Company and Western Pipe and Steel Company, are corporations duly organized and existing under the laws of the State of California.

By complaint, seasonably filed, they allege that the rates assessed for the transportation of iron and steel surface pipe are unjust and unreasonable because of a rule applicable to the transportation of freight within California, which rule reads in part as follows:

No rates shall be applied on any traffic moving under class rates lower than the amount in cents per 100 lbs. for the respective classes as shown below in the current Western Classification. The minimum rate on any article shall be the rate for the class at which the article is rated in the current Western Classification.

<i>In cents per 100 pounds</i>										
Classes	1	2	3	4	5	A	B	C	D	E
Rates	25	21	17½	15	11	12½	9	7½	6½	5

Also that certain of the rates result in unauthorized departures from the long and short haul clause of section 21 of article XII of the constitution of the State of California and section 24 (a) of the Public Utilities Act, and that the rates and rules published on June 25, 1918, under General Order No. 28 of the Director General of Railroads, created increases without authority of the Railroad Commission of the State of California and without any findings that the same were justified.

At the time the tariffs were supplemented, June 25, 1918, authority to make rates on federal-controlled railroads rested solely with the Director General of Railroads, and the Railroad Commission of the State of California was without jurisdiction over such rates.

By Decision No. 7983, 18 C. R. C. 646, Application No. 5728, August 17, 1920, this Commission authorized carriers within the State of California to establish the rates created during the federal-controlled period and also the increased rates made by order of the Interstate Commerce Commission in *Ex parte* 74, July 29, 1920, 58 I. C. C. 220. It would appear, therefore, that the increased rates have been lawfully authorized by this Commission.

The complainants did not seriously urge that there was any actual violation of the long and short haul provisions of the state constitution and the Public Utilities Act. However, this Commission, in Decision No. 7983, *supra*, gave authority to carriers to continue violative rates and, under date September 13, 1920, 18 C. R. C. 762, Decision No. 8074, in Application No. 6049, *et seq.*, specifically authorized the long and short haul violations, as set forth in the tariffs of the different carriers enumerated in the decision and order.

It follows that the rates complained of are not in violation of section 63 of the Public Utilities Act, nor are they in violation of the long and short haul provision of the state constitution and the Public Utilities Act, they having been legally authorized by Decisions Nos. 7983 and 8074, *supra*. These two allegations will be dismissed.

The complainants ship iron and steel pipe 3 to 12 inches in diameter, 24 gauge and heavier, from Fruitvale and South San Francisco to points within a radius of approximately 150 miles and what they are actually contending for in this proceeding are the less carload ratings carried in Item No. 1030 of Pacific Freight Tariff Bureau Exception Sheet No. 1-I, C. R. C. 300, effective May 19, 1925, without the application of that part of Rule 120 of the same tariff, or a similar rule in the individual tariffs of defendants, which reads:

No rates shall be applied on any traffic moving under class rates lower than the amount in cents per 100 pounds for the respective classes as shown below in

the current Western Classification. The minimum rate on any article shall be the rate for the class at which the article is rated in the current Western Classification, see Exceptions 1, 2 and 3.

Item No. 1030 reads as follows:

Pipe, iron or steel, spiral seam or straight seam riveted; also galvanized iron or steel pipe (24 gauge and heavier, lock seamed and soldered), minimum carload weight 20,000 lbs.—

	Class L. C. L.
Over 12 inches in diameter.....	1½
12 inches or less in diameter.....	3

A witness for the complainant testified that as a result of his research he found the same classification of iron pipe was in effect as early as August 12, 1909.

A check of the tariffs on file with this Commission shows that the Southern Pacific Company published, in its Local Freight Tariff No. 3, C. R. C. 2, effective September 10, 1906, certain exceptions to the classification, and in this exception sheet provided:

Pipe, sheet iron, spiral seam or straight seam riveted, owner's risk, breakage or released:

	L. C.
Over 12 inches in diameter.....	1½
12 inches or less in diameter.....	3

The next tariff of the Southern Pacific Company as filed with this Commission is Exception Sheet No. 2, C. R. C. 129, issued January 14, 1909, effective January 23, 1909, which tariff carried the same classifications for iron pipe.

Exception Sheet No. 2, C. R. C. 129, was canceled by Exception Sheet No. 2-A, C. R. C. 486, issued July 2, 1909, effective August 12, 1909, and this latter tariff was canceled by Pacific Freight Tariff Bureau Exception Sheet No. 1, C. R. C. 2, issued October 12, 1909, effective November 26, 1909.

Pacific Freight Tariff Bureau Exception Sheet No. 1 has been reissued at different times until it is now Exception Sheet No. 1-I, C. R. C. 300.

Carriers did not commence to file tariffs until the year 1909 and, therefore, the records of this Commission do not reveal just when the present classification of iron pipe first came into existence, but this historical review shows that at least since September 10, 1906, iron pipe of the size referred to in this complaint has been given the exception sheet third class rating for a period of approximately 18 years. However, beginning with June 25, 1918, the effective date of General Order No. 28 of the Director General, and by the incorporation of appropriate rules in tariffs, charges were increased from

the normal third class ratings to a minimum of 75 cents per 100 pounds (3 times first class of 25¢) by application of the Western Classification.

The following statement, from Exhibit No. 2, on which complainants rely, shows the rates from Oakland December 31, 1917 (when the railroads were taken under federal control), and those now in effect on the minimum class-rate basis:

To	Miles	Rates in cents per 100 pounds			
		Rate Dec. 31, 1917	Present rate	Percentage of increase	Rates were: Exception sheet applicable
Hayward.....	14	6	75	1,150	17½
San Jose.....	41	6	75	1,150	17½
Salinas.....	109	27	75	178	38
King City.....	155	40	75	88	56½
Fresno.....	189	38	75	97	53½
Visalia.....	230	45	75	67	63½

This exhibit shows, that within the territory where shipments move, the increases range from 67 to 1150 per cent.

Reference is made to the present commodity rate of 14 cents from Oakland to Tolenas, 47 miles, as compared with the minimum class rate of 75 cents from Oakland to San Jose for approximately the same distance. On June 24, 1918, the Tolenas rate was 10 cents, the present rate is 14 cents, an increase of 40 per cent; the San Jose rate June 24, 1918, was 6 cents, it is now 75 cents, an increase of 1150 per cent. This illustrates the results obtaining from the wartime changes, where in one case the new rates were arrived at by use of the percentage adjustments in connection with the commodity clause rule and the other made under the minimum class rate rule.

It is the position of complainants that the exception sheet classifications create commodity rates and that they should not be increased by more than the regular commodity percentages, also that application of the minimum class rate rules eliminate the exception sheet.

We can not subscribe to this contention, for while the exception sheet does create rates different from the Western Classification the rates remain class rates, subject to all conditions, rules and regulations of class rates and increase or decrease automatically with class rates. They are, therefore, at all times separate and distinct from specific commodity rates.

Complainants introduced testimony directed to the classification of iron surface pipe as carried in Western Classification No. 58 (Consolidated Freight Classification No. 3). The classification provides

for pipe, gauge 22 or thicker, and pipe, gauge 23 or thinner, when not nested and when nested, as set forth in tabulation below:

Classification	Over 8 inches	Over 3 inches but not over 8 inches	3 inches or less
Not nested—			
Loose or in bundles, <sup>1</sup> L.C.L.-----	D 1	D 1	<sup>3</sup> 3
Loose or in bundles, <sup>2</sup> L.C.L.-----	D 1	<sup>4</sup> D 1	<sup>4</sup> D 1
In boxes or crates, <sup>1</sup> L.C.L.-----	1½	1½	3
In boxes or crates, <sup>2</sup> L.C.L.-----	1½	1½	1½
Nested—			
In bundles, <sup>1</sup> L.C.L.-----	1½	1	3
In bundles, <sup>2</sup> L.C.L.-----	1½	1	1
In boxes or crates, <sup>1</sup> L.C.L.-----	1	2	3
In boxes or crates, <sup>2</sup> L.C.L.-----	1	2	2

<sup>1</sup>Gauge No. 22 or thicker, but not thicker than No. 17.

<sup>2</sup>Gauge No. 23 or thinner.

<sup>3</sup>Loose or in packages.

<sup>4</sup>In bundles.

It will be observed that the different gauges of this pipe take the same Western Classification classes for sizes over 8 inches; and for sizes over 3 inches but not over 8 inches, except that the 22 gauge may be shipped loose while the 23 must be in bundles, but as to the pipe 3 inches or less in diameter the 22 gauge pipe may be shipped loose or in packages at the third class rate, while the 23 gauge, when shipped in bundles, takes double first and when loose three times first; in other words, the pipe, gauge 22 or heavier, 3 inches or less in diameter, when shipped loose to points taking the minimum scale, has a rate of 17½ cents, while the gauge 23 or lighter, when shipped loose, takes three times first, or 75 cents per 100 pounds.

It is the complainants' contention that the pipe shipped under item 1030 of the exception sheet, while thinner and lighter than 22 gauge, nevertheless takes no more space in the car, is not subject to any different handling than the heavier pipe, neither does it result in any damage claims and, therefore, should not be classified any differently than the heavier pipe.

The defendants had as a witness the chairman of the Western Classification Committee, who testified with reference to the manner in which the Uniform Classification Committee arrived at the classification for iron and steel pipe and the conclusion reached by the committee appears to have been based upon a desire to move the pipe in bundles or packages wherever possible and this particularly applied to U. S. Standard Gauge No. 23 or thinner. There is no satisfactory explanation of why the 3-inch pipe of the thicker gauge should be permitted to move loose and the thinner pipe required to be shipped in bundles or take a rating higher when forwarded loose.

Exhibits were introduced showing the manner of handling the pipe at the different loading stations and transferring at junction points. The object of these exhibits, consisting of 11 photographs, was to illus-

trate the difficulty and the expense of handling pipe consignments. There was also an exhibit giving an analysis of the terminal handling cost of all less than carload freight and this exhibit purported to show an actual expense of 30 cents per 100 pounds and that any rate less than this amount results in actual loss to the carriers. Cost studies have been introduced at different times in a number of proceedings before this Commission and while they are illuminating and worthy of much consideration there has never been perfected any positive method of arriving at actual terminal handling costs. If we were to accept the figure of 30 cents per 100 pounds, here presented, as accurate and controlling, then it would be necessary to admit that all less carload freight handled at lower rates resulted in loss to the transportation companies. However, in view of the fact that the minimum class rate scale begins at a first class of 25 cents and, further, that there are large numbers of proportional and commodity rates in effect lower than 30 cents, it can not be determined upon this record that all less carload freight moved at 30 cents per 100 pounds or less is unprofitable.

The carriers' presentation would indicate that in the opinion of their witnesses all of the iron pipe is now being transported at less than normal rates, if not at actual loss, but even if this were admitted to be proven there can be no justification in selecting pipe of a certain gauge to carry unreasonably high charges to equalize the loss.

General Order No. 28, as originally issued May 25, 1918, provided, in connection with the minimum class rate scale, as follows:

Any article, on which exceptions to any classification provide a different rating than as shown in the classification to which it is an exception, will be subject to the minimum as provided below for the class provided therefor in the classification proper.

This was changed by Supplement, June 12, 1918, to read:

The minimum rate on any article shall be the rate for the class at which that article is rated in the classification shown below applying in the territory where the shipment moves.

Had not General Order No. 28 been supplemented, this proceeding would not have been necessary, for the pipe would have taken the exception sheet classification, subject to the minimum scale.

The minimum class rate scale as carried in Pacific Freight Tariff Bureau Exception Sheet, under Rule 180, by exceptions 1, 2 and 3 sets aside the application of that part of the rule objected to by this complainant in connection with boxes and crates, carload, secondhand, returned, and also as to the kind of packages for fresh fruit and vegetables. Similar exceptions are carried in local class rate tariffs of the individual defendants. This demonstrates that to meet certain situations defendants have voluntarily set aside the minimum scale with reference to the Western Classification ratings.



Throughout the proceeding it was apparent complainants were not making any attack upon the minimum class rates *per se*, but only upon the minimum scale rule as affecting the resulting charges by elimination of the exception sheet ratings. The rule makes practically a blanket rate to all points where complainants ship iron pipe, for the minimum of 75 cents per 100 pounds applies from Oakland to San Leandro, a distance of 7 miles, the same as to Cottonwood, 209 miles on the north; to Floriston, 222 miles on the east, and to Pomona, 500 miles on the south.

The fact to be determined is not whether the rates were increased in compliance with all the intentions of General Order No. 28 and other authorizations and decisions issued during the war period, but whether the rates in effect today are reasonable.

General Order No. 28, because of the provisions of section 1, governing class rates and classifications, especially that part of paragraph "D" already quoted, has been the cause of much complaint throughout the State of California because of the different interpretations placed on the tariffs by carriers' agents and by shippers, also to the fact that paragraph "D" in effect results in the elimination of Pacific Freight Tariff Bureau Exception Sheet classifications. The adjustment was devised to meet an emergency war situation, is illogical and carriers should give consideration to necessary changes to overcome the complaints, not only as to the commodity here under consideration, but all others.

We find as a fact that the charges assessed by the defendants against iron and steel pipe 24 gauge and heavier, as rated in the current Western Classification, are excessive, unreasonable and discriminatory.

We further find that just and reasonable rates are those published by use of Item No. 1030 of Pacific Freight Tariff Bureau Exception Sheet No. 1-I, C. R. C. 300, which item should be made an exception to Rule 120 in this exception sheet and to the similar rule or rules published in the individual tariffs of defendant carriers.

#### ORDER.

This case being at issue upon complaint and answer on file, having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion, which opinion is hereby referred to and made a part hereof;

*It is hereby ordered*, that the above named defendants, according as they participated in the transportation, be and they are hereby notified and required to establish classification on or before twenty (20) days from the date of this order, upon notice to this Commission and the general public by not less than five (5) days' filing and posting in the manner prescribed in section 14 of the Public Utilities Act, and there-

after to maintain and apply to the transportation of pipe, iron or steel, spiral seam or straight seam riveted, also galvanized iron or steel pipe (24 gauge and heavier, lock-seamed and soldered), less carload, loose or in packages,

Over 12 inches in diameter-----	1½ times 1st class
12 inches or less in diameter-----	3d class

which classification and the resulting rates, subject to the minimum class rate scale, but not to the Western Classification, are found to be just and reasonable.

Dated at San Francisco, California, this fifth day of June, 1924.

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#### DECISION No. 13658.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, AS JOINT AGENT FOR BAKERSFIELD AND LOS ANGELES FAST FREIGHT COMPANY, CITY TRANSFER AND STORAGE COMPANY, KEYSTONE EXPRESS, LOS ANGELES-ONNARD DAILY EXPRESS, LOS ANGELES AND SAN PEDRO TRANSPORTATION COMPANY, LOS ANGELES AND SANTA BARBARA MOTOR EXPRESS COMPANY, LOS ANGELES AND WEST SIDE TRANSPORTATION COMPANY, REX TRANSFER COMPANY, SAN FERNANDO HAULAGE COMPANY, SERVICE MOTOR EXPRESS, TRIANGLE-ORANGE COUNTY AND SANTA ANA EXPRESS, FOR AN ORDER GRANTING PERMISSION TO ESTABLISH THROUGH JOINT CLASS RATES BETWEEN POINTS SERVED BY SAID LINES, WHICH THROUGH RATES WILL BE LOWER THAN THE PRESENT COMBINATION OF LOCAL RATES OVER LOS ANGELES.

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Application No. 9704.

Decided June 5, 1924.

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*Warren E. Libby and Lewis A. Monroe*, for Applicants.  
*Declin and Brookman*, by *Douglas Brookman*, for Hodge Transportation System and for San Joaquin Valley Transportation Company, Interveners.  
*E. E. Bennett*, for Los Angeles and Salt Lake Railroad Company, Intervener.  
*H. J. Bischoff*, for Coast Truck Line.

BY THE COMMISSION.

#### OPINION.

Lewis A. Monroe, as joint agent in the name and on behalf of the Bakersfield and Los Angeles Fast Freight Company; City Transfer and Storage Company; Keystone Express; Los Angeles-Oxnard Daily Express; Los Angeles and San Pedro Transportation Company; Los Angeles and Santa Barbara Motor Express Company; Los Angeles and West Side Transportation Company; Rex Transfer Company; San Fernando Haulage Company; Service Motor Express, and Triangle-Orange County and Santa Ana Express, has petitioned the Railroad Commission under the provisions of section 4, chapter 213, Statutes 1917, for an order granting permission to put into effect a tariff publishing joint freight rates between all points served by the eleven carriers named, these joint rates to be somewhat lower than the

combination of local rates over Los Angeles, as per Exhibit A, attached to the application.

A hearing was held in Los Angeles on May 27, 1924, before Examiner Geary, and the matter having been duly submitted is now ready for an opinion and order.

The attorney representing the San Joaquin Valley Transportation Company and the Hodge Transportation System, made an oral statement to the effect that the companies he represented desired to cooperate with the applicants named in this proceeding with view to obtaining similar joint arrangements.

A formal petition to intervene was presented on behalf of the Coast Truck Line, which company performs a freight service as a common carrier between Los Angeles and San Diego. This petition, however, failed to set forth any joint rates; it also enlarged the issues of the original application by including territory between Los Angeles and San Diego.

It is our opinion that neither petition of intervention can be given consideration in this proceeding and that if these three transportation companies desire to establish through routes and joint rates, proper applications, naming the through routes, joint rates and the territory to be served, should be presented.

The applicants are all common carrier freight transportation companies legally operating, with tariffs on file with this Commission. The operations of all the companies terminate in Los Angeles and serve the outlying territory, roughly described as embracing Bakersfield, Owensmouth, Fellows, McKittrick, Taft, San Fernando, Santa Barbara, Oxnard, Colton, San Bernardino, Pomona, Ontario, Santa Ana, Long Beach, San Pedro, Wilmington, Santa Monica, Venice and the intermediate points.

At the present time there is no established through route nor joint rates, and when shipments move from a point located on the route of any one of the applicants to a point located on the route of any connecting line the charges are based on a combination of the local rates.

It is the intention of the eleven companies to cooperate in the movement of through freight, issue through bills of lading and to arrange for the payment of loss and damage claims. Under the present situation the charges to the shipper are uncertain, by reason of the fact that the local tariffs are not in possession of the defendant companies.

In the handling of the through freight no through service is contemplated, but shipments moving via the different routes will be transferred at the terminal depots of the connecting lines at Los Angeles exactly as is done under the present situation. The only difference resulting from the granting of this application will be the

establishment of somewhat lower joint rates and the issuance of through bills of lading.

There was no opposition from any source to the granting of the application, although notices were sent direct to the interested competing transportation companies and commercial organizations, but there was much testimony from shippers and from representatives of the operating companies as to the public convenience and necessity for the joint rates.

Under the provisions of the Auto Stage and Truck Transportation Act, Statutes 1917, chapter 213 and the amendments thereto, it is necessary to obtain authority from this Commission before through routes and joint rates can be established.

From the testimony presented it is clear there is a public convenience and necessity for a through route and the joint rates, and we are of the opinion that the application should be granted and the applicants authorized to publish joint rates not in excess of those set forth in Exhibit A attached to and made a part of the application, which joint rates are approximately five per cent lower than the present combination of local rates.

#### ORDER.

A public hearing having been held in the above entitled proceeding, evidence having been submitted by said applicants, and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment of through routes and joint rates for the transportation of freight between the eleven companies named in this application.

*It is hereby ordered*, that the application of Lewis A. Monroe as joint agent in the name and on behalf of the Bakersfield and Los Angeles Fast Freight Company; City Transfer and Storage Company; Keystone Express; Los Angeles-Oxnard Daily Express; Los Angeles and San Pedro Transportation Company; Los Angeles and Santa Barbara Motor Express Company; Los Angeles and West Side Transportation Company; Rex Transfer Company; San Fernando Haulage Company; Service Motor Express, and Triangle-Orange County and Santa Ana Express, be and the same is hereby granted, and the said companies are hereby authorized to publish and file joint freight rates not in excess of those set forth in Exhibit A attached to and made a part of the application.

Dated at San Francisco, California, this fifth day of June, 1924.

## DECISION No. 13659.

IN THE MATTER OF THE APPLICATION OF S. E. THROWELL, AS  
OWNER OF THE LOMITA PARK WATER WORKS, FOR RAISE IN  
RATES.

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Application No. 9746.

Decided June 5, 1924.

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*J. E. McCurdy*, for Applicant.  
*Charles N. Kirkbride*, for certain property owners.

WHITTLESEY, *Commissioner*.

## OPINION.

In this proceeding S. E. Throwell, who owns and operates a public utility water system known as the Lomita Park Water Works, which furnishes water for domestic purposes to consumers in Lomita Park, Marina Vista Park and Millbrae Park, in San Mateo County, makes application for an increase in rates.

The application alleges in effect that during the year 1923 the operation of the water system resulted in a loss of \$3,349 to applicant; that by reason of the proposed street paving in Lomita Park applicant will be required to expend approximately \$15,000 for the lowering of his pipe mains; and that the rates at present in effect are insufficient to produce any return upon the investment in the system or to permit applicant to finance the cost of the changes in pipe mains made necessary by the street paving program. The applicant therefore asks for an order of the Commission authorizing an increase in rates.

A public hearing in this matter was held in San Francisco, after due notice thereof had been given so that all interested parties might appear and be heard.

Water is secured by pumping from four deep wells and is distributed to approximately 150 metered consumers through a total of about 30,000 feet of distribution mains ranging in size from 2 to 4 inches in diameter. Storage is provided by a 55,000 gallon capacity concrete reservoir and a 30,000 gallon capacity wood stave tank.

The present rates charged by the utility are as follows:

750 cubic feet or less of water consumed during month.....	\$1 50
For all water used in excess of 750 cubic feet per month, per 100 cubic feet..	20

H. A. Noble, one of the Commission's hydraulic engineers, made an extensive investigation of the water system and at the hearing in this proceeding submitted a report which showed an estimated original cost of the property devoted to the public use amounting to \$25,430, with a depreciation annuity, calculated by the sinking fund method at 6 per cent, of \$349. The estimated reasonable maintenance and operation expense was shown to be \$2,713. Revenues for the year 1923 amounted to \$3,315. Applicant's "Exhibit 1," filed at the hearing,

shows a total expenditure for the year amounting to \$6,665, a large portion of which is properly chargeable to capital, and in the estimate of reasonable maintenance and operation expense submitted by the Commission's engineer proper adjustments and eliminations have been made for all items improperly charged. The report of the Commission's engineer was accepted by applicant, except for a few minor objections to the allowances for various items of operating expense.

The results of operation for the year 1923 are as follows:

Revenues-----	\$3,315
Expense:	
Maintenance and operation-----	\$2,713
Depreciation annuity-----	349
Total expense-----	3,062
Available for return-----	\$253

This is equivalent to a return of slightly less than one per cent upon an estimated reasonable original cost of the property amounting to \$25,430.

A study of the foregoing results of operation and the evidence submitted in the proceeding leads to the conclusion that the utility is entitled to an increase in rates, and the schedule set out in the accompanying order is designed to yield a revenue sufficient to cover maintenance and operation expense, depreciation annuity, and what under the circumstances is a reasonable return upon the investment.

It is impossible at this time to determine the cost of lowering the utility's mains and adjusting service connections to provide for changes in street grades which will be required during the construction of paving in Lomita Park. For this reason it will be impossible at this time to include the necessary expense for pipe changes in the rate base used in the present proceeding. When this work is completed and the actual expenditures have been determined, these facts may be presented to the Commission by applicant and will be carefully considered to determine whether or not a further adjustment of rates is justified.

The following form of order is submitted:

#### ORDER.

S. E. Throwell, who owns and operates a public utility system known as the Lomita Park Water Works, furnishing water for domestic purposes to consumers in Lomita Park, Marina Vista Park and Millbrae Park, San Mateo County, having made application for an increase in rates, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by S. E. Throwell for water delivered to consumers are unjust and unreasonable

in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact set out in the preceding opinion;

*It is hereby ordered*, that S. E. Throwell be and he is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to his consumers in Lomita Park, Marina Vista Park and Millbrae Park, San Mateo County, subsequent to June 30, 1924:

*Monthly Minimum Charges.*

For $\frac{5}{8}$ -inch meters.....	\$1 50
For $\frac{7}{8}$ -inch meters.....	2 50
For 1-inch meters.....	4 00
For 1 $\frac{1}{2}$ -inch meters.....	7 00
For 2-inch meters.....	10 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following monthly meter rates:

*Monthly Meter Rates.*

From 0 to 400 cubic feet, per 100 cubic feet.....	\$0 37 $\frac{1}{2}$
From 400 to 3000 cubic feet, per 100 cubic feet.....	30
Over 3000 cubic feet, per 100 cubic feet.....	25

*It is hereby further ordered*, that S. E. Throwell be and he is hereby directed to file with this Commission within thirty (30) days of the date of this order rules and regulations to govern relations with his consumers, such rules and regulations to become effective upon their acceptance by this Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fifth day of June, 1924.

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DECISION No. 13661.

IN THE MATTER OF THE APPLICATION OF MT. LASSEN TRANSIT COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE SUBSCRIBED CAPITAL STOCK AND TO SELL TEN THOUSAND SHARES OR MORE OF SAID CAPITAL STOCK AS REQUIRED OR NECESSARY FOR THE PURCHASE OF ADDITIONAL EQUIPMENT AND CONDUCTING THE BUSINESS OF SAID CORPORATION.

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Application No. 10061.

Decided June 5, 1924.

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W. A. Fish, for Applicant.

BY THE COMMISSION.

**OPINION.**

Mt. Lassen Transit Company asks permission to issue 25,000 shares (\$25,000 par value) or more of its capital stock, or so much thereof

as may be necessary, to purchase stage properties and equipment to which reference will be made.

Applicant reports that it has received subscriptions for 15,000 shares (\$15,000 par value), which stock is to be issued in payment for a certain franchise issued by the Railroad Commission to Walter Gosney, to conduct a passenger and freight stage line between Red Bluff and Westwood, also all the automobile stages and equipment belonging to this stage line. Stock in the amount of \$10,000, or so much thereof as may be necessary, is to be issued to acquire additional equipment.

The stage equipment that is to be purchased from Walter Gosney consists of

- 2 seven-passenger Studebaker cars,
- 1 five-passenger Pierce Arrow car,
- 1 five-passenger Ford,
- 1 Ford touring car, and
- 1 seven-passenger Cadillac.

It is reported that this equipment cost Walter Gosney \$4,629. It is further reported that Walter Gosney has been offered \$10,000 in cash for his operating permit or franchise which applicant intends to acquire. Against this permit or franchise applicant asks permission to issue \$10,000 of stock. In this connection attention is called to section 52 of the Public Utilities Act which prohibits the Commission from capitalizing a permit or franchise in excess of the amount actually paid to the state or political subdivision thereof as a consideration for the granting of such permit or franchise. The permit in question was granted by the Railroad Commission without charge. The fact that Walter Gosney may have been offered \$10,000 in cash for his permit does not warrant the Commission to authorize the issue of \$10,000 of stock against such permit.

Applicant reports that it intends to purchase two eighteen-passenger cars, either White or Pierce Arrow make, at an approximate cost of \$15,000. Upon the purchase of these two new cars some of the equipment which applicant will acquire from Walter Gosney will be remodeled for freight purposes.

Applicant asks permission to issue \$25,000 or more of its capital stock, or so much thereof as may be necessary, to provide itself with sufficient equipment to properly conduct its business. The order herein will fix definitely the amount of stock which applicant may issue. If it becomes necessary for applicant to issue additional stock, it will have to file a new application with the Commission to issue such stock.

246.13



**ORDER.**

Mt. Lassen Transit Company having applied to the Railroad Commission for permission to issue stock and the Commission being of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be procured or paid for by applicant through the issue of \$15,000 of stock is reasonably required by applicant and that the issue of such amount of stock should be authorized;

*It is hereby ordered*, that Mt. Lassen Transit Company be and it is hereby authorized to issue on or before November 1, 1924, 15,000 shares (\$15,000 par value) of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. Of the stock herein authorized to be issued, 5000 shares (\$5,000 par value) shall be delivered to Walter Gosney in payment for the stage equipment and other properties described in this application, such stage equipment and properties to be transferred to Mt. Lassen Transit Company free and clear of all encumbrances.

2. Of the stock herein authorized to be issued, 10,000 shares (\$10,000 par value) shall be sold for cash at not less than par and the proceeds used to pay in whole or in part the cost of two eighteen-passenger stages, either White or Pierce Arrow make.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

*It is hereby further ordered*, that this application, in so far as it involves the issue of 10,000 shares (\$10,000 par value) of common capital stock, be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this fifth day of June, 1924.

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**DECISION No. 13662.**

IN THE MATTER OF THE APPLICATION OF THE CONSOLIDATED WATER AND DEVELOPMENT COMPANY FOR AUTHORITY TO PURCHASE, AND W. T. ESTEP, FOR AUTHORITY TO SELL ALL THE PROPERTIES OF THE SAID W. T. ESTEP, AND FOR FURTHER LEAVE TO BORROW TWENTY THOUSAND DOLLARS (\$20,000) ON THE SAID PROPERTIES FOR THE PURPOSE OF REFUNDING CERTAIN DEBTS.

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Application No. 10043.

Decided June 5, 1924.

*Kornblum and Kaufman*, by *A. Kaufman*, for Applicants.

*J. V. Wagner and Phil Jacobson*, for Wesco-Chipewa Pump Company and Samuel H. Gerson.

BY THE COMMISSION.

#### OPINION.

In the above application W. E. Estep asks permission to sell and transfer public utility properties to the Consolidated Water and Development Company. The Consolidated Water and Development Company asks permission to purchase such properties and to issue \$250,000 of common stock, issue a note for \$20,000 and execute a mortgage to secure the payment of the note.

The properties which W. T. Estep asks permission to sell and transfer to the Consolidated Water and Development Company are described by applicants as follows:

North Moneta Garden Lands Water Company, acquired September 1, 1922, from O. H. Kornblum.

Fairfax Park System, acquired July 1, 1923, from J. D. Millar.

Eighty-seventh and San Pedro System, acquired July 9, 1923, from J. D. Millar Realty Company.

Emil Firth System, acquired August 3, 1923, from the Emil Firth Estate.

Howard Park Water Company, acquired August 4, 1923, from Howard Park Company.

Lawndale Acres Territory, acquired September 17, 1923, from J. D. Millar Realty Company.

El Segundo Gardens Plant, acquired May 1, 1924, from J. D. Millar Realty Company.

Cypress Gardens System, acquired May 1, 1924, from J. D. Millar Realty Company.

McNaney-Tweedy Road Plant, acquired May 1, 1924, subject, however, to the approval of the Railroad Commission of the transfer of this plant from Mrs. McNaney to W. T. Estep, and should this permission not be acquired then this plant shall not be included in this contract.

The real property which is to be transferred to the Consolidated Water and Development Company, and which is included in the properties to which reference has been made, is described by applicants as follows:

#### *North Moneta Gardens, Plant No. 1.*

The north acre of lot 15, Division "A," tract 874 as per plat recorded in book 17, pages 110 and 111 of maps, city and county records of Los Angeles County, California.

#### *Fairfax Park Tract, Plant No. 2.*

Portion of lot 195 (50 x 65), lot 195, Fairfax Park tract, as per map recorded in map book 20, pages 138-139, records of Los Angeles County,

to which map and the record thereof, reference is hereby made for a further and more particular description.

*Eighty-seventh and San Pedro, Plant No. 3.*

That portion of lot 2, tract 4664, as per map recorded in book 51, page 52 of maps, records of Los Angeles County, commencing at the southeast corner of lot 2; thence north along boundary line of San Pedro street, twenty-five feet; thence west parallel with the boundary line of 87th street, seventy-five feet; thence south parallel with the line of San Pedro street, twenty-five feet to the point of intersection with line of 87th street; thence east seventy-five feet along boundary line to point of beginning.

*108th street, Plant No. 4.*

Portion of lot 596 (60 x 67) of tract 36, book 12, page 193, records of Los Angeles County.

*Athens-on-the-Hill, Plant No. 5.*

Lots 7 and 8, tract 25, book 13, page 151 of maps, records of Los Angeles County.

*Lawndale Acres, Plant No. 6.*

Lots 143 and 144, tract 6578, page 6 of maps, records of Los Angeles County.

*El Segundo, Plant No. 7.*

Lots 34 and 35, tract 7195, book 81, page 96 of maps, records of Los Angeles County.

*Cypress Gardens, Plant No. 8.*

Lots 7 and 8 of tract 666, book 15, page 120 of maps, records of Los Angeles County.

To date the Commission has not been requested to authorize the transfer of the McNaney-Tweedy Road Plant to W. T. Estep. He has no title to these properties and therefore we will not authorize him to transfer such properties to the Consolidated Water and Development Company.

There was filed in this proceeding as applicants' Exhibit "D" a copy of a report prepared by The Chester H. Loveland Engineers in which report they show the estimated original cost of the North Moneta System, Central Acres System, Lawndale Acres System, Fairfax Park System, Howard Park System, Emil Firth System, 87th and San Pedro System and the cost of organization, stock on hand and general equipment at \$193,838 and the estimated depreciated original cost at \$174,206. It is alleged that since such report was prepared there has come into the possession of W. T. Estep additional properties

which have cost \$140,665. The latter amount includes \$62,000 for the McNaney-Tweedy Road Plant, the transfer of which will not be authorized at this time.

No representative of The Chester H. Loveland Engineers was called as a witness. The report submitted is so general in its nature that it, unsupported by evidence, is of little value to the Commission in this proceeding. The Commission will have its engineering department make an examination of the properties. Pending such examination the transfer of the properties will be authorized for a nominal amount of stock with the understanding that additional stock will later be authorized by supplemental order. The Consolidated Water and Development Company will also at this time be authorized to issue a \$20,000 note and to execute a mortgage securing the payment of such note.

The Commission's attention is called to indebtedness payable to the Wesco-Chipewa Pump Company and Samuel H. Gerson. It is of record that an action is now pending in the Superior Court in and for the County of Los Angeles, in which it is sought to determine the amount of the debt due such parties by W. T. Estep. Representatives of the creditors realize that this Commission can not determine the amount due the Wesco-Chipewa Pump Company and Samuel H. Gerson. It is felt that the amount of indebtedness in dispute does not warrant the Commission to postpone action in this proceeding.

#### ORDER.

W. T. Estep having applied to the Railroad Commission for permission to transfer properties to the Consolidated Water and Development Company and the Consolidated Water and Development Company having asked permission to purchase such properties and to issue \$250,000 of common stock and \$20,000 of notes and to execute a mortgage to secure the payment of such notes, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the transfer of the properties should be authorized and that the Consolidated Water and Development Company should at this time be permitted to issue \$20,000 of common stock in part payment for the properties and \$20,000 of notes and that the money, property or labor to be procured or paid for through the issue of such stock and notes is reasonably required by the company and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that W. T. Estep be and he is hereby authorized to transfer to the Consolidated Water and Development Company the properties described in the foregoing opinion, except the properties referred to as the Tweedy Road Plant.

*It is hereby further ordered,* that the Consolidated Water and Development Company be and it is hereby authorized to issue \$20,000 of common stock and \$20,000 of 7 per cent three-year notes, and to assume the \$34,956.90 of indebtedness referred to in Exhibit "F," of which indebtedness \$20,000 is to be refunded through the issue of the note herein authorized.

*It is hereby further ordered,* that the Consolidated Water and Development Company be and it is hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding.

The authority herein granted is subject to further conditions as follows:

1. The proceeds realized through the issue of the note shall be used by the Consolidated Water and Development Company to pay part of the indebtedness described in Exhibit "F."

2. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

3. Applicant shall keep such record of the issue, sale and delivery of the notes and stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when the Consolidated Water and Development Company has paid the fee prescribed by section 57 of the Public Utilities Act. No stock or notes may be issued after September 1, 1924.

5. Within ten days after the transfer of the properties herein authorized the Consolidated Water and Development Company shall file with this Commission a certified copy of the deed under which it acquires and holds title to such properties and shall also furnish the Commission with a statement showing the exact date on which it acquires the properties.

Dated at San Francisco, California, this fifth day of June, 1924.

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DECISION No. 13663.

IN THE MATTER OF THE APPLICATION OF THE CITY OF LOS ANGELES FOR AN ORDER GRANTING PERMISSION TO THE CITY OF LOS ANGELES TO CONSTRUCT A RAILROAD TRACK IN ANAHEIM STREET ACROSS A CERTAIN TRACK OF THE PACIFIC ELECTRIC RAILWAY COMPANY, AT GRADE, AND DETERMINING AND PRESCRIBING THE MANNER AND THE TERMS OF INSTALLATION.

## OPERATION, MAINTENANCE, USE, AND PROTECTION OF SUCH CROSSING.

Application No. 9712.

Decided June 9, 1924.

*Jess E. Stephens*, City Attorney, *Clyde M. Leach*, Assistant City Attorney, and *Milton Bryan*, Deputy City Attorney, for the City of Los Angeles and the Los Angeles Harbor Commission.

*A. S. Halstead* and *Fred E. Pettit, Jr.*, for the Los Angeles and Salt Lake Railroad Company.

*Frank Karr*, for Pacific Electric Railway Company.

*M. W. Reed*, for The Atchison, Topeka and Santa Fe Railway Company.

*E. E. East*, for the Los Angeles County Grade Crossing Committee.

*Samuel Storrow*, for the Municipal League of Los Angeles.

*John R. Berryman*, for the Automobile Club of Southern California.

*W. K. Barnard*, *Burt Heinley* and *F. P. Cole*, for the Committee of Two Hundred.

*George A. Damon*, for the Regional Planning Commission.

*Lou Johnson*, Secretary, for the Wilmington Chamber of Commerce.

*WHITTLESEY*, Commissioner.

## OPINION.

In this application the city of Los Angeles seeks permission to build a temporary track at grade across the tracks of the Pacific Electric Railway, Anaheim road at McFarland avenue and four unimportant streets north of Anaheim road, in the harbor district in the city of Los Angeles.

A public hearing was held in Los Angeles on May 7, 1924, at which all interested parties were represented.

Anaheim road, the principal highway concerned in this proceeding, is a very important easterly and westerly thoroughfare and at present is the only reasonably direct route from the San Pedro and Wilmington district to Long Beach and the territory to the east. Traffic counts taken on this highway show a total of 12,657 vehicular traffic movements on an ordinary week day between the hours of 6 a.m. and 6 p.m., including the noon hour. It is stated that the volume of traffic on Sundays is probably greater and certainly traffic is then more congested. In fact the volume of vehicular traffic over this road has become so great that plans are now under way to widen it to one hundred feet.

The crossings applied for are stated in the application to be of a temporary nature only, for use in connecting the Municipal Terminal Railroad in McFarland avenue with the tracks of the Santa Fe and Los Angeles Harbor Railway Company, a subsidiary of The Atchison, Topeka and Santa Fe Railway Company, which are now constructed to a point approximately 2750 feet north of Anaheim road.

It is by means of the track, the authority for the construction of which this application is made, that the Santa Fe plans to gain access to the Los Angeles harbor, and it is evident that, although the city of Los Angeles is nominally the applicant, The Atchison, Topeka and

Santa Fe Railway Company has a very important interest in this proceeding.

The city of Los Angeles, in order to later eliminate the grade crossing of Anaheim road herein proposed, plans to extend the Municipal Railroad from the foot of McFarland avenue, in an easterly and northerly direction, to a point in the vicinity of Anaheim road and Dominguez creek, approximately 4550 feet east of the temporary crossing at McFarland avenue and Anaheim road. It is proposed under this plan of the city that the Santa Fe should make its permanent connection to the Municipal Railroad by extending the existing Santa Fe line lying along the north city limits of Los Angeles (Wilmington district) between McFarland avenue and the right of way of Pacific Electric Railway Company on a curve to the southeast, passing under the Pacific Electric and Southern Pacific tracks and continuing southeast (along the city limit) about fifteen hundred feet, where it is proposed to swing to the south into the depressed area along Dominguez creek and follow this depressed area to the southeast to Anaheim road to a connection with the proposed extension of the Los Angeles Municipal Railroad.

It is proposed to carry Anaheim road on a viaduct over this proposed railroad which will be several feet below the present surface of Anaheim road. Testimony shows that the topography of the ground in the vicinity of this proposed grade separation is such that all future railroads desiring to enter the harbor can be accommodated in this depressed area and by this same overhead crossing, but it was further testified that the accommodation of the Santa Fe line as proposed could be handled independently of the others, except as to additional bents in the overhead structure for the use of future tracks. Under this plan it is proposed to confine the run-off waters of this depressed area in a constructed channel parallel with the proposed tracks. It is estimated that it may take two years to carry out this plan. At such time as this proposed line is finished the city expects that all of the municipal railroad tracks in McFarland avenue will be abandoned.

Resolutions were introduced by the City Council of Los Angeles, the Board of Harbor Commissioners of Los Angeles, the Greater Harbor Committee of Two Hundred, the Wilmington Chamber of Commerce and the executive committee of the Municipal League, which in general are all of the same tenor in that they oppose the installation of any more grade crossings across Anaheim road, except they be of a very temporary nature, and all endorse the location of the proposed grade separation at Dominguez slough and the plan of bringing all carriers seeking an outlet to the harbor through this grade separation. The City Council of Long Beach and the board of directors of the Los Angeles Chamber of Commerce introduced resolutions approving the unified entry of all railroads into the harbor district and the plan submitted

for grade separation at Dominguez slough. Mr. Colden, president of the Board of Harbor Commissioners of the city of Los Angeles, testified that the harbor board would be satisfied with the granting of this application with a condition which carried with it the requirement that the harbor board build a railroad along the proposed extension from a junction near the foot of McFarland avenue to the proposed grade separation of Anaheim road at Dominguez slough.

The construction of a railroad at grade across a thoroughfare with a traffic of more than 12,500 vehicles daily is a very serious matter and should not be permitted if there can be found any reasonable plan of avoiding or eliminating it. In this case not only has a plan been found whereby this grade crossing can be eliminated, but the applicant proposes to proceed as rapidly as possible to put that plan in effect and requests authority for the proposed grade crossing only as a temporary expedient until the legal and physical obstacles of the permanent plan can be overcome.

The Atchison, Topeka and Santa Fe Railway Company has at large expense constructed the Santa Fe and Los Angeles Harbor Railway from El Segundo in Los Angeles County to a point about four blocks north of the temporary grade crossing of Anaheim road applied for in this proceeding, and it appears desirable that the Santa Fe be given immediate (although temporary) access to the wharves in the harbor over this route. The municipal belt line is already connected with the Pacific Electric Railway tracks at the intersection of Anaheim road and McFarland avenue, adjacent to the proposed crossing. In constructing the proposed temporary connection between the two railroads, it will be necessary to cross four unimportant unimproved streets north of Anaheim road which have little effect on the main issues of this proceeding.

Pacific Electric Railway Company offered no objection to the construction of the proposed crossing across its track and even offered to allow on the same terms the use of a certain portion of its track as a bridge between the new lines if such a route would appear preferable. Such a plan would allow the Santa Fe freight traffic to cross at this point for an indefinite time, which is very undesirable. The Pacific Electric asked to have the crossing properly interlocked in case the application were granted, the interlocking to include the junction between its own lines about a block distant from the crossing, the city to pay only for the interlocking required for its own tracks. This plan of protecting the grade crossing of the railroad is acceptable to the city. The city also offered to install gates across Anaheim street at its own expense, the gates to be operated from the tower.

Witness for Pacific Electric Railway Company states that grades could be separated at Anaheim road and McFarland avenue. However,



the layout of a grade separation at this point would be quite intricate on account of the number of streets and track connections. While the construction cost might not exceed that of the plan proposed for the Santa Fe at Dominguez creek, it would undoubtedly cause large property damage and would be a less desirable location for a grade separation than at Dominguez slough. And, furthermore, it would not accommodate other railroads entering the harbor district.

It appears that this application should be granted subject to a two-year time limit and certain other conditions, including the installation of safety devices. It remains for the Commission to apportion the costs of these safety devices.

The interlocking plan proposed by the Pacific Electric will contain thirty-three working levers or functions, of which between fourteen and sixteen are required by the existing and proposed municipal railway tracks, depending on whether the two derails west of the proposed crossings are included with the municipal or Pacific Electric tracks. As they serve both roads, it is reasonable to divide the cost of these two derails equally between the two lines. On this basis it is reasonable to assess forty-five (45) per cent of the total cost to the city of Los Angeles and fifty-five (55) per cent to the Pacific Electric Railway. The cost of installing gates for the protection of highway traffic shall be paid for by the city.

The following form of order is recommended:

#### ORDER.

City of Los Angeles having made application to this Commission for an order granting permission to the city of Los Angeles to temporarily construct a railroad track at grade across L street, Young street, K street, Grant street, J street, I street and Anaheim road and at grade across certain tracks of Pacific Electric Railway Company's San Pedro line, as shown on the map attached to the application, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision:

It is hereby found as a fact that public convenience and necessity require the establishment of temporary crossings at grade at the points applied for in this application and hereinbefore mentioned, pending the construction of permanent lines of railroad to the point selected for grade separations at Dominguez creek and Anaheim road; therefore.

*It is hereby ordered,* that permission be and it is hereby temporarily granted to the city of Los Angeles, county of Los Angeles, State of California, to construct and maintain a railroad track at grade across L street, Young street, K street, Grant street, J street, I street and Anaheim road, as shown on the map attached to the application, said

crossings to be constructed subject to the following conditions and not otherwise:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossings shall be constructed of a width and type of construction to conform to those portions of said streets now graded with the top of rails flush with the pavement, and with grades of approach not exceeding two (2) per cent; shall be protected by suitable crossing signs, and shall in every way be made safe for the passage thereof of vehicles and other road traffic.

(3) Said crossing of Anaheim street shall be protected by crossing gates to be installed at the expense of applicant and thereafter equally maintained by applicant and Pacific Electric Railway Company.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(5) The authorization herein granted for the installation of said crossings shall lapse and become void two years from the date of this order, whereupon said crossings shall be abolished and tracks removed.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

*It is hereby further ordered*, that permission be and it is hereby granted the city of Los Angeles to temporarily construct a railroad track at grade across the tracks of the San Pedro line of Pacific Electric Railway Company at McFarland avenue and Anaheim road, near Wilmington, in the city of Los Angeles, county of Los Angeles, State of California, as shown on the map attached to the application, said crossings to be constructed subject to the following conditions and not otherwise:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition, shall be borne by applicant.

(2) Said crossings, the junction points of the existing municipal railway tracks with Pacific Electric Railway Company's San Pedro line and the junction of Pacific Electric Railway Company's Wilmington-Long Beach line with its San Pedro line, shall be protected by an interlocking plan substantially in accordance with the plan (C. E. 6598) filed in this proceeding as Pacific Electric Railway Exhibit No. 1.

(3) Said interlocking plan shall conform to Commission's General Order No. 33.

(4) The cost of installation of said interlocking plan shall be borne as follows: Forty-five (45) per cent by the applicant and fifty-five (55) per cent by Pacific Electric Railway Company.

(5) Maintenance of said interlocking plan shall be based on such an agreement as may be arrived at by the parties in interest, a copy of which shall be filed with the Commission. If interested parties are unable to agree, division of maintenance shall be apportioned by this Commission in a supplemental order.

(6) Highway crossing gates shall be operated from the interlocking tower.

(7) The authorization herein granted for the installation of said crossings shall lapse and become void two years from the date of this order, whereupon said crossings shall be abolished, municipal tracks shall be removed from Anaheim street, and the necessary functions for this track shall be removed from the interlocking tower, which shall thereafter be maintained, including the crossing gates by Pacific Electric Railway Company.

(8) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective three (3) days after the making thereof.

Dated at San Francisco, California, this ninth day of June, 1924.

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DECISION No. 13674.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY TO ABANDON PASSENGER SERVICE ON SANTA MONICA AIR LINE FROM COLORADO STREET, SANTA MONICA, TO END OF LINE.

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Application No. 9742.

Decided June 11, 1924.

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*Frank Karr* and *C. W. Cornell*, by *C. W. Cornell*, for Applicant.  
*Chester L. Coffin*, for the City of Santa Monica.  
*J. Challen Smith*, for the Chamber of Commerce of the City of Sawtelle.  
*Chas. H. Scott*, for the Pacific Palisades Association.

*SHORE, Commissioner.*

**OPINION.**

This is an application by Pacific Electric Railway Company asking authority to abandon passenger service on the Santa Monica Air Line

from Colorado street, in the city of Santa Monica, northwesterly to the end of said line.

A public hearing was held in this application at Los Angeles on March 24, 1924.

The line of railroad on which it is herein sought to abandon service is a portion of the so-called "Santa Monica Air Line" originally constructed by the Southern Pacific Railroad from Los Angeles through Santa Monica to a wharf known as Port Los Angeles. This line of railroad is now leased to Pacific Electric Railway and on the portion thereof extending from Colorado street, in the city of Santa Monica, northwesterly along the beach to the present terminus of the line, a distance of approximately two miles, service is given by means of a one-man street car operated between the hours of 7.45 a.m. and 6.00 p.m. on a forty-five minute headway.

Applicant states that some time ago the State Highway Commission was awarded, in a condemnation proceeding, a certain portion of the right of way of this line along the beach under a judgment whereby the Highway Commission is required to pay for the reconstruction of the railroad track in a position a few feet inland from its former location. Incident to this relocation both the Highway Commission and the railroad contemplated the construction of certain grade crossings. Application for permission to construct these grade crossings has been denied and there has been a rehearing on that matter (Application No. 9074). The grade crossing proceeding is now before the Commission under submission on that rehearing.

It is contended by the applicant that at the present time this line is operated at a substantial loss and that abandonment of service on this line was desired for the double purpose of eliminating this loss and at the same time removing the hazard at the proposed grade crossing. It is the desire of the company to construct the track as contemplated in its Application No. 9074 and operate thereover one car in each direction daily for the purpose of retaining its franchise and right of way rights. Considerable testimony was introduced to show that the territory immediately beyond the northwesterly terminus of the Santa Monica Air Line had the possibility of developing to such an extent that important transportation service might in the future be needed.

The city of Santa Monica opposes the granting of the application for the abandonment of service, contending that the territory is at this time developing and requires a reasonable transportation service. The city further contends that if this service is not to be given on the railroad, it is the city's desire to have the entire railroad abandoned and the right of way therefor made available for condemnation for highway purposes in order that more adequate highway transportation may be provided. The applicant introduced statements showing that the total

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operating revenue from February, 1923, to December, 1923, inclusive, amounted to \$866.94, while the cost of power alone for the operation of the line amounted to \$836.45 and the wages of crews amounted to \$2,060.89. It thus appears that these two items alone, without taking into consideration any maintenance or miscellaneous expense, amount to more than three times the earnings of the line. It is estimated that total net saving that would result to the company by reducing the service from the present schedule to one car each way a day would amount to approximately \$2,400.

Testimony indicates that there has recently been a substantial growth and development along the territory adjacent to this line. This development, for the most part, has taken place along the beach between Colorado street and the mouth of Santa Monica canyon, or in the immediate vicinity of Santa Monica canyon. In fact, it is reasonable to believe that the territory served by this line is just now on the verge of reaching that stage of development that will justify electric railway service.

Subsequent to the hearing the company filed a statement indicating its willingness to continue hourly service as far as the mouth of the Santa Monica canyon for a six-month period as a further trial. It appears that is a proper course for the company to pursue. Authority therefore should be given to abandon regular service on that portion of the line from the mouth of the Santa Monica canyon to its northerly terminus, but permission to abandon service on the remainder of the line at this time should be denied.

The following form of order is recommended:

#### ORDER.

Pacific Electric Railway Company, having filed an application for permission to abandon service on that portion of the Santa Monica Air Line from Colorado street, Santa Monica, to the northerly end of its line, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision:

*It is hereby ordered*, that Pacific Electric Railway Company be and it is hereby authorized to abandon regular service on that portion only of the Santa Monica Air Line between Center street and the northwesterly terminus of said line.

*It is hereby further ordered*, that that portion of the application requesting authority to abandon service between Colorado street, in the city of Santa Monica, and Center street (at Santa Monica canyon), in the county of Los Angeles, be and it is hereby denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of June, 1924.

## DECISION No. 13675.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY FOR AUTHORITY TO CROSS AT GRADE TERRACE DRIVE, WEST CHANNEL ROAD AND CENTER STREET, PUBLIC HIGHWAYS IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 9074.

Decided June 11, 1924.

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*Frank Karr and C. W. Cornell*, for Applicant.  
*S. V. Cortelyou*, for California Highway Commission.  
*E. E. East*, for Automobile Club of Southern California.  
*Roy W. Dords*, for Board of Supervisors of Los Angeles County and Los Angeles County Regional Planning Commission.  
*Chas. H. Scott*, for Pacific Palisades Association.

WHITTLESEY, *Commissioner*.

## OPINION ON REHEARING.

The above matter is again before the Commission upon the petition of the applicant for a rehearing for the purpose of presenting further evidence and argument in support of the granting of the application.

A rehearing on this matter was held in Santa Monica on January 2, 1924.

At this rehearing considerable testimony was introduced to show a possible future necessity for railroad service to the territory northwesterly from the proposed crossing in the vicinity of the Santa Monica canyon. It appears that the Pacific Palisades Association has acquired a tract of land containing 1925 acres, situated for the most part on the high ground to the north of Santa Monica canyon, and plans to develop thereon both a permanent residential community and extensive recreational facilities. This organization has planned a chautauqua auditorium with a seating capacity of ten thousand, where it is expected to hold chautauqua conventions and other gatherings which will attract large numbers of people from Los Angeles and other communities. The association owns six thousand feet of beach frontage of a similar character to the beach frontage now being intensely developed to the south of Santa Monica canyon.

The present population of the Pacific Palisades district is approximately five hundred, but the representative of the Pacific Palisades Association estimated that within ten years this territory will have a population of twenty-five thousand. At the present time transportation is given to this district by means of busses, but if the community develops as anticipated by its sponsors it is urged that some form of mass transportation will be necessary. The president of the Pacific Palisades Association expressed the opinion that such mass transportation, when required, should be given by extending the line of railroad,

now existing along the beach, northerly from Santa Monica up the beach to Temescal canyon and thence into the Palisades property. He indicated that he would prefer that this line be extended with as few grade crossings as possible, but that, rather than see the line entirely abandoned north of Santa Monica canyon and further transportation for his district jeopardized, he was desirous that the petition of the railroad for the construction of these grade crossings be authorized.

The Pacific Electric Railway presented evidence to the effect that, if that portion of the line north of Santa Monica canyon were abandoned and service thereover discontinued, certain parcels of the right of way were subject to forfeiture and reversion. Applicant contended that, although the present traffic would not justify the expending of any considerable amounts of money such as would be involved in the construction of an overgrade crossing, it did desire to preserve its rights for the operation of a railroad in view of the possibility of future traffic requirements justifying an extension of this line.

It is, of course, not the construction of a grade crossing but the hazard resulting from the operation of trains thereover that is the basis of the real objection to grade crossings. In this case it appears from the evidence that a plan may be worked out whereby the rights of the company and the future interests of the public for transportation may be protected by the construction of the grade crossings as desired, with certain limitations as to the operation thereover for the time being; that there is but little necessity at the present time for the operation of trains north of Santa Monica canyon and also that there is a possibility later developments in the section adjacent to this proposed railroad will be such that a substantial amount of high speed railroad transportation will be required. It would not cost any more to separate the grades at some time in the future when traffic requirements demand this additional transportation than it would cost to construct the viaduct to provide for a separation of grades at this time.

Under these circumstances it appears proper that the application of the railroad to construct these crossings at grade should be granted subject to certain drastic restrictions of operation, and upon the further condition that, if and when traffic requirements demand a regular rail service of substantial volume, the railroad will at that time be reconstructed in such a manner as to cross the roads at the mouth of the Santa Monica canyon above grade.

The following form of order is recommended:

**ORDER ON REHEARING.**

Pacific Electric Railway Company, applicant herein, having petitioned for a rehearing in the above entitled proceeding and such rehearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that the Commission's Decision No. 12461, dated August 6, 1923, entered in the above entitled application be and it is hereby rescinded.

*It is hereby further ordered*, that permission and authority be and it is hereby granted Pacific Electric Railway Company to construct its track at grade across Terrace drive, West Channel road and Center street in the locations shown in the map designated Pacific Electric Railroad Company's C. E. 5819 "a." and filed in this proceeding, subject to the following conditions:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossing shall be constructed of a width and type of construction to conform to those portions of said streets now graded with the top of rails flush with the pavement, and with grades of approach not exceeding four (4) per cent; shall be protected by suitable crossings and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) No train, car or locomotive shall be operated over said crossing without first having been brought to a stop within seventy-five (75) feet of the center of said crossings of said Center street and said West Channel road, respectively.

(4) Not more than two trains, locomotives or cars shall be operated over said grade crossings in any one calendar day.

(5) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(6) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall lapse and become void, unless further time is granted by subsequent order.

(7) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.



The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this eleventh day of June, 1924.

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DECISION No. 13685.

IN THE MATTER OF THE APPLICATION OF C. J. YORK, AN INDIVIDUAL,  
FURNISHING LIGHT AND POWER IN THE TOWN OF DOWNIE-  
VILLE, SIERRA COUNTY, FOR AN ORDER TO ESTABLISH RATES.

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Application No. 7677.

Decided June 11, 1924.

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*C. S. Morbio*, for Applicant.  
*W. B. Barnhisel*, for the Consumers.

BY THE COMMISSION.

**OPINION.**

Applicant, C. J. York, operating under the name of Downieville Electric Light Company, and supplying electric energy to the town of Downieville, applied to this Commission for authority to discontinue the use of flat rates for electric service and to substitute therefor adequate and reasonable meter rates to be fixed by the Commission.

A hearing was held before Examiner Satterwhite in Downieville on June 27, 1923, at which time evidence was received and the matter submitted.

At the opening of the hearing applicant requested that his application be modified by eliminating that portion pertaining to the discontinuance of flat rates, and that the Commission revise the flat rates now in effect, giving as a reason therefor the failure of certain prospective developments which would have been an assured market for the energy he had hoped to conserve by the use of meters.

From the testimony introduced it appears that applicant is sole owner of all the stock in this company, he having secured ownership of one-half the same in 1903 and of the remainder in 1912. In addition to the cost of acquiring this stock, applicant in 1903 advanced one-half the cost of rebuilding the company's dams and later assumed all the company's outstanding debts at the time he acquired the remaining one-half of the stock. The details of these transactions are set forth in Applicant's Exhibit "F" and indicate a total investment of \$10,698.50.

Additions and betterments subsequent to 1912 bring this up to \$11,988.50.

In this same exhibit applicant has presented an inventory of the physical properties and water rights of the company, to which he has applied such historical costs as his books or memory records and obtained a total value of \$13,838.50.

As practically the entire distribution system was built in or prior to 1895, and the dam, race and penstock were renewed during the period 1903-1912, this figure is of little significance. Moreover, a duplication of \$2,500 in the cost of the dam and a question as to the allowable value of the water right would further modify the correctness of this figure.

The Commission's assistant engineer, A. B. Daly, inspected the physical properties and found their condition such as to corroborate the various lives as set forth in applicant's Exhibit "F." The distribution system in particular was at that time in such a state of obsolescence that replacement and reconstruction would of necessity have to be accomplished very shortly. Corresponding obsolescence was evident in the race and penstock. Lumber for extensive repairs thereto on the ground at the time of the inspection, and the type, age and continued use of the various portions of the generating equipment justify the assumption that their period of further usefulness is very limited.

No depreciation reserve whatever has ever been set aside to replace these properties. Applicant, who has up to the year 1922 operated without this Commission's knowledge, without reporting thereto as required by the Public Utility Act, realizes that no rate adequate to afford a reasonable return on his investment could be borne by the limited number of consumers now on his books. For that reason, he has modified his application as above noted and asks such temporary relief as can be afforded him by a revision of his existing flat rates, relying upon future development of the territory served to ultimately yield him an adequate return through increased consumption.

Applicant renders night service only, requiring for that purpose the services of one attendant approximately sixteen hours a day on the average. For the combined services of applicant and this attendant a charge of \$100 per month is set up. Except in cases of accident, requiring immediate relief, no other charges for labor are made, applicant's personal services having never been charged upon the books.

The total operating expenses for the year 1922 were \$1,843.18. The gross operating revenues amounted to \$1,842.75, and were obtained from an average number of approximately sixty consumers, the largest of whom are the county buildings and the St. Charles Hotel. The net result of the year's operation was a deficit of 43 cents. The eliminating of \$103 from the expense account, representing new material and transfer of same to additions and betterments will then show a net earning of \$102.57.

Applicant's present schedule has been in effect from 1914 and is as follows:

1 light (60-watt lamp)-----	\$0 60 per month
2 lights (60-watt lamp)-----	1 00 per month
3 lights (60-watt lamp)-----	1 25 per month
4 lights (60-watt lamp)-----	1 50 per month
5 lights (60-watt lamp)-----	1 65 per month
6 lights (60-watt lamp)-----	1 80 per month

All lights in excess of six at the rate of 10 cents per month per light.

Store lighting and places of business at the rate of 50 cents per 60-watt lamp per month.

Hotels at the rate of 15 cents per light per month.

Downieville, once a populous town, and the center of a flourishing mining region, has now dwindled to a mere hamlet of some 350 inhabitants. The mines, both placer and quartz, which once constituted its principal support, have one by one ceased operations and the town, now deprived of its former revenue, awaits new and different development through the medium of the new national highway, which will by an easy grade connect it with the country east of the Sierras.

From a study of this testimony, it is obvious that applicant's business has now reached a point where future operations must be conducted at little or no profit under the present rates. It is also equally apparent that an adequate return on any reasonable value that might be fixed for the existing operative properties is at once out of the question with the limited population now requiring service.

Since the time of the hearing in this matter, considerable reconstruction work has been done, in accordance with recommendations of the Commission's engineering department, and subsequent reports go to show that a marked improvement in the company's service has resulted.

With this fact in mind it is intended to furnish, as far as possible, the relief subsequently prayed for by applicant.

#### ORDER.

C. J. York (Downieville Electric Light Company) having applied to the Railroad Commission for a revision of its electric rates, a hearing having been held, the matter having been submitted and now being ready for decision:

The Railroad Commission of the State of California hereby finds as a fact that the rates now charged by C. J. York (Downieville Electric Light Company) for electric service are not just and reasonable rates in so far as they differ from the rates herein established, and that the rates herein established are under present conditions adequate to afford relief to applicant.

Basing its order on the foregoing findings of fact, and upon the other findings of fact contained in the opinion which precedes this order;

*It is hereby ordered*, that C. J. York (Downieville Electric Light Company) be and he is hereby authorized to charge for electric service the following schedule of rates, effective for all bills rendered on and after June 1, 1924:

*Domestic Service.*

1 lamp -----	\$0 70 per month
2 lamps -----	1 15 per month
3 lamps -----	1 40 per month
4 lamps -----	1 70 per month

Each additional lamp up to and including ten, 15 cents per lamp per month.  
For all lamps in excess of ten, 10 cents per lamp per month.

*Commercial Service.*

For stores and places of business, 55 cents per lamp per month.

For hotels, 16½ cents per lamp per month.

For Sierra County buildings, the present charge of \$39 per quarter plus 10 per cent.

The above rates apply to 60-watt lamps. Where lamps of larger size are used, proper modification of these rates shall be based upon the ratio of the wattage thereof to 60.

*It is hereby further ordered*, that C. J. York (Downieville Electric Light Company) shall, within ten (10) days after the date of this order, file with this Commission the schedule of electric rates herein authorized.

Dated at San Francisco, California, this eleventh day of June, 1924.

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DECISION No. 13687.

IN THE MATTER OF THE APPLICATION OF COAST COUNTIES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION AUTHORIZING SAID COMPANY TO ISSUE AND SELL THREE THOUSAND SHARES OF ITS FIRST PREFERRED CAPITAL STOCK AT NOT LESS THAN EIGHTY-SIX PER CENT OF THE PAR VALUE THEREOF.

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Application No. 10098.

Decided June 11, 1924.

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*Leo H. Susman*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Coast Counties Gas and Electric Company asks permission to issue and sell, at not less than 86 per cent of par value, 3000 shares of its first preferred stock of the aggregate par value of \$300,000. The company also asks permission to use an amount not exceeding 5 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock and to use the remaining proceeds to reimburse its treasury and to finance the cost of additions and betterments to its plants and properties.

Coast Counties Gas and Electric Company, as shown in its third amended articles of incorporation, a copy of which is on file in this

proceeding, has an authorized capital stock of \$4,000,000 divided into 40,000 shares of the par value of \$100 each, of which 20,000 shares are first preferred stock, 10,000 shares are second preferred stock and 10,000 shares are common stock. The first preferred stock is entitled to cumulative dividends at the rate of 6 per cent per annum before any dividends are paid on the second preferred or common stock and has a preference over the second preferred and common stock as to assets. The second preferred stock is entitled to cumulative dividends at the rate of 6 per cent per annum after cumulative dividends have been paid on the first preferred stock and before any dividends are paid on the common stock and is preferred as to assets before the common stock. The articles provide that the first and second preferred stock shall not be subject to assessments. The application shows that during the last five years dividends have been paid on the first preferred stock at the rate of 6 per cent per annum. On the second preferred stock the company paid dividends at the rate of 3 per cent during 1923 and 1922 and at the rate of 2 per cent during 1921, but none during 1920 and 1919. No dividends have been paid on the common stock during the last five years.

On April 30, 1924, the company reported outstanding all of the authorized common and second preferred stock and \$952,500 of the first preferred stock. It reports that, in addition, \$47,500 of first preferred stock has been subscribed but not issued. As of the same date the company reports its funded debt in the hands of the public as \$1,423,600, consisting of \$725,000 of Coast Counties Light and Power Company 5 per cent bonds due 1946, \$261,000 of Big Creek Light and Power Company 4 per cent bonds due 1947, \$232,600 of Contra Costa Gas Company 6 per cent bonds due 1954, and \$135,000 of San Benito Light and Power Company 6 per cent bonds due 1950.

In Application No. 9527, filed with the Commission on November 16, 1923, the company reported that prior to January 1, 1923, it had expended for additions and betterments to its electric and gas properties the sum of \$377,456.87, for which it had not been reimbursed with proceeds received from the sale of stock or bonds. By Decision No. 12905, dated December 6, 1923, in Application No. 9527, the company was authorized to issue and sell \$108,850 of its first preferred stock to finance the cost of additions and betterments. Pursuant to such authority, it appears that the \$108,850 of stock was sold at a net price of \$92,166.85, which amount, deducted from the \$377,456.87, leaves a balance of \$285,290.02, which, according to applicant, represents uncanceled construction expenditures up to December 31, 1922. It is now reported in this application that during the year 1923 the company expended \$320,936.64 for capital purposes. This amount is segregated as follows:

*Electric Department.*

Intangible capital -----	\$63 40
Landed capital -----	165 11
Production capital -----	22,776 84
Transmission capital -----	15,307 88
Distribution capital -----	162,855 93
General -----	2,478 99

Total electric department ----- \$203,648 15

*Gas Department.*

Intangible capital -----	\$315 00
Landed capital -----	478 68
Production capital -----	71,356 39
Transmission capital -----	5,005 49
Distribution capital -----	43,773 42
General capital -----	19 20

Total gas department ----- 121,548 18

Total -----	\$325,196 33
Less retirements -----	4,259 69

Total expenditures ----- \$320,936 64

Adding the \$320,936.64 to the \$285,290.02 results in a total of \$606,226.66, which is reported to be the total amount expended up to December 31, 1923, in making additions and betterments for which the company has not been reimbursed by the sale of bonds, stock or securities of any kind.

The present application is made to finance in part the cost of these expenditures of \$606,226.66, and thereafter to pay in part the estimated cost of additions and betterments during 1924, which estimated cost is reported at \$394,600. While the company asks permission to use of the proceeds from the sale of the stock, an amount not exceeding 5 per cent of the par value of stock sold to pay commissions and selling expenses, it is of record that the stock will be sold as economically as possible and that only such portion of the 5 per cent as is necessary will be expended.

**ORDER.**

Coast Counties Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered,* that Coast Counties Gas and Electric Company be and it is hereby authorized to issue and sell, at not less than 86 per cent of par value, \$300,000 of its first preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds received from the sale of the stock herein authorized, applicant may use an amount not exceeding 5 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the 5 per cent not needed to pay commissions and other expenses incident to the sale of the stock shall be used to reimburse the treasury and to finance in part the cost of the additions and betterments made prior to December 31, 1923, and referred to in the foregoing opinion, provided that only such expenditures as are properly chargeable to capital account as defined by the classifications of accounts prescribed by the Railroad Commission shall be financed with such proceeds.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order. At the time of filing the General Order No. 24 reports, applicant shall file a supplementary statement showing in detail the amounts expended for commissions and other expenses incident to the sale of the stock.

3. The authority herein granted shall become effective upon the date hereof. Under such authority no stock may be issued after June 30, 1925.

Dated at San Francisco, California, this eleventh day of June, 1924.

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DECISION No. 13690.

IN THE MATTER OF THE APPLICATION OF PORT COSTA WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE EXECUTION BY IT OF A MORTGAGE OR DEED OF TRUST SECURING AN AUTHORIZED ISSUE OF ONE MILLION FIVE HUNDRED THOUSAND DOLLARS PRINCIPAL AMOUNT OF ITS FIRST MORTGAGE GOLD BONDS, AND THE ISSUANCE THEREUNDER AND SALE OF FOUR HUNDRED FIFTY THOUSAND DOLLARS PRINCIPAL AMOUNT OF ITS SAID FIRST MORTGAGE GOLD BONDS.

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Application No. 10126.

Decided June 12, 1924.

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*Goodfellow, Eells, Moore and Orrick, by T. W. Dahlquist, for Applicant.*

BY THE COMMISSION.

**OPINION.**

Port Costa Water Company asks permission to execute its first mortgage or deed of trust to be dated June 1, 1924, to secure the payment of a total authorized issue of \$1,500,000 principal amount of first mortgage bonds, and to issue and sell \$450,000 of 6½ per cent twelve-

year bonds, the payment of which is to be secured by such mortgage or deed of trust. Pending the authorization and issuance of such bonds, applicant asks permission to issue interim certificates. Reference will hereafter be made to the purposes for which applicant asks permission to use the proceeds obtained from the sale of the bonds. Applicant has sold the bonds, subject to their issue being authorized by the Commission, to Pierce, Fair and Company under an agreement dated May 23, 1924, which agreement the Commission is asked to approve.

Port Costa Water Company has outstanding \$500,000 of common stock. Its outstanding indebtedness, as of May 1, 1924, is reported as follows:

a. Six per cent mortgage note, payable October 1, 1925, to San Francisco Savings and Loan Society-----	\$300,000 00
b. Eight per cent bonds-----	85,000 00
Due June 1, 1924-----	\$20,000 00
Due June 1, 1925-----	30,000 00
Due June 1, 1926-----	35,000 00
c. Six per cent note payable to Bank of Martinez-----	3,000 00
d. Other indebtedness (accounts payable)-----	17,896 85
Total debt May 1, 1924-----	\$405,896 85

On July 27, 1917, by Decision No. 4484, in Application No. 3039 (Volume 13, Opinions and Orders of the Railroad Commission of California, page 563), the Railroad Commission authorized Port Costa Water Company to join with Port Costa Development Company and Mt. Diablo Development Company in the issue of a \$385,000 6 per cent six-year note. On November 24, 1919, by Decision No. 6864, in Application No. 5119 (Volume 17, Opinions and Orders of the Railroad Commission of California, page 577), the Commission authorized Port Costa Water Company to join with the above mentioned companies in the issue of a \$100,000 6 per cent note payable July 27, 1923. By Decision No. 9134, dated June 22, 1921, in Applications No. 3039 and No. 5145 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 120), the Commission authorized Port Costa Water Company to assume the payment of \$300,000 of the amount due on the above notes and authorized the company to extend the maturity of the debt so assumed to October 1, 1926. On June 8, 1921, by Decision No. 9066, as amended, in Application No. 6862 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 23), the Railroad Commission authorized Port Costa Water Company to issue \$125,000 of 8 per cent bonds due as follows: \$15,000 on June 1, 1922; \$20,000 on June 1, 1923; \$25,000 on June 1, 1924; \$30,000 on June 1, 1925; \$35,000 on June 1, 1926.

The bonds were sold by the company at 94½ per cent of their face value and accrued interest. Of the bonds sold, \$60,000 have been paid.



leaving outstanding the \$30,000 due June 1, 1925, and the \$35,000 due June 1, 1926.

Port Costa Water Company now asks permission to issue and sell \$450,000 of 6½ per cent twelve-year bonds at 94 per cent of their face value and accrued interest in order to obtain funds to pay the \$300,000 of 6 per cent notes due October 1, 1926, to pay the \$65,000 of 8 per cent bonds and to reimburse its treasury because of moneys expended to pay \$60,000 of 8 per cent bonds which have matured, and to reimburse its treasury because of moneys expended for additions and betterments described in its Exhibit No. 2, the moneys expended for such additions and betterments to May 31, 1924, being reported at \$38,976.38.

The testimony shows that applicant may have to pay a premium of 1 per cent if it redeems the \$300,000 note due October 1, 1926. The \$65,000 of 8 per cent bonds are noncallable. Pierce, Fair and Company, who have agreed to purchase the company's new bonds, are, under their agreement of May 23, 1924, obligated to use their best efforts to purchase the 8 per cent bonds. The company agrees that it will pay them the par value of bonds purchased, together with accrued interest to the date of their delivery to the company and a sufficient premium to enable such purchases to be made on a 6 per cent basis. It is of record that the \$20,000 of 8 per cent bonds due June 1, 1924, were paid by the company and that no premium will be paid on such bonds, even though they are referred to in the agreement with Pierce, Fair and Company as bonds outstanding. The company further agrees to deposit sufficient funds with the trustee to provide for the payment of such 8 per cent bonds as can not now be purchased, in order that the company's properties may be released from the mortgage securing the payment of such bonds.

It is urged that the company should at this time be permitted to issue bonds to refund or pay the \$300,000 note due October 1, 1926, for the reason that no one can forecast the financial conditions that may exist when the note is due. The Commission is asked to authorize the issue of bonds on a basis of about 7½ per cent (considering discount only) to refund a note issued on a 6 per cent basis. There was no evidence introduced to show that the note can not at a later date be refunded on a more favorable basis. It is common knowledge that the general trend of interest rates is downward. Moreover, the earnings of this utility for the past two years have been increasing, caused by an increase in business and an increase in rates. If the refunding of applicant's funded debt, note and bonds, is carried out as proposed, there will be an increase in the funded debt of applicant because of such refunding of \$28,500 and an increase in the annual interest charges, including amortization of debt discount of at least \$3,600. The Commission will not authorize the issue of bonds in the amount proposed by applicant to pay its funded debt. For the purpose of paying

its funded debt, applicant will be authorized to issue \$357,000 of bonds, the interest on which is approximately equivalent to the interest on the funded debt which applicant intends to pay. If applicant needs any additional moneys to refund or pay its funded debt, such moneys must be taken from funds realized from the sale of bonds authorized to be issued to reimburse its treasury because of earnings expended for additions and betterments, or from funds obtained from sources other than the issue of bonds. To reimburse applicant's treasury the order will authorize the issue of \$34,000 of bonds. The order will also authorize applicant to issue \$22,000 of bonds to pay current indebtedness and \$37,000 of bonds to pay for additions and betterments installed subsequent to June 1, 1924, provided that the proceeds obtained from the sale of the \$37,000 of bonds be expended only for such purposes as the Commission will authorize by supplemental order or orders.

On June 9th applicant filed with the Commission a copy of the proposed temporary certificates which will be issued pending the delivery of the definitive bonds, and the agreement under which such certificates will be issued. Both are in satisfactory form.

Applicant has not yet filed with the Commission a copy of its proposed first mortgage or deed of trust. The agreement between applicant and Pierce, Fair and Company, dated May 23, 1924, which agreement the Commission is asked to approve, outlines some of the provisions that are to be incorporated in the mortgage or deed of trust. It provides that the mortgage or deed of trust shall provide for a sinking fund into which one-half of the annual earnings of the company, after interest charges, shall be paid, provided that in no one year shall the company be required to pay into the sinking fund more than 10 per cent of the par value of the outstanding bonds under the mortgage. The money paid into the sinking fund may be used either to redeem bonds issued under such mortgage or for additions and betterments against which no future bonds may be issued. The sinking fund provision should provide for the deduction from the annual earnings of maintenance and operating expenses, taxes and depreciation, as well as interest charges. The first series of bonds are to mature in twelve years and are to bear interest at the rate of  $6\frac{1}{2}$  per cent per annum and be redeemable as a whole at 105, or for sinking fund purposes at 102. The agreement refers to the refunding or payment of the company's indebtedness and to the issue of bonds equal to 60 per cent of the actual cost of additions and betterments when the total interest requirements of the company, together with the interest requirements on the new bonds to be issued, are covered better than one and three-fourths times for twelve consecutive months of the fifteen months immediately preceding the application for the sale of such additional bonds. It occurs to us that this provision will not permit the company to use any bonds for collat-

eral purposes. The word "authentication" should be substituted for the word "sale." The Commission will not approve the agreement as submitted. It will approve the same only as affirmatively indicated in this opinion and the order following.

#### ORDER.

Port Costa Water Company, having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue \$450,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income, and that applicant should be authorized to issue the \$450,000 of bonds for the purposes indicated in this order and none other;

*It is hereby ordered*, as follows:

1. Port Costa Water Company may issue and sell, on or before October 1, 1924, \$450,000 of 6½ per cent first mortgage twelve-year bonds and use the proceeds for the following purposes:

a. The proceeds from \$357,000 of bonds to pay or refund the \$300,000 note and the \$65,000 of bonds referred to in the foregoing opinion.

b. The proceeds from \$34,000 of bonds to reimburse its treasury because of earnings expended for additions and betterments prior to June 1, 1924; such proceeds may thereafter be used for general corporate purposes.

c. The proceeds from \$22,000 of bonds to pay current indebtedness referred to in the foregoing opinion.

d. The proceeds from \$37,000 of bonds for such purposes as the Commission will hereafter authorize by a supplemental order or orders, it being understood that said proceeds may be used only to pay for additions and betterments made subsequent to June 1, 1924.

2. Port Costa Water Company may execute and issue temporary certificates similar in form to the certificate filed with the Commission on June 9, 1924, and may execute an agreement similar in form to that filed with the Commission on said date, defining the terms and conditions under which the temporary certificates are issued.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act.

4. No bonds may be delivered until the Commission has authorized applicant to execute a mortgage or deed of trust to secure the payment of the bonds.

5. The agreement between Port Costa Water Company and Pierce, Fair and Company, dated May 23, 1924, a copy of which is on file in this proceeding, is approved to the extent indicated in the opinion which

precedes this order and in this order, such approval, however, being limited to the extent that affirmative approval is given.

6. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this twelfth day of June, 1924.

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#### DECISION No. 13702.

IN THE MATTER OF THE APPLICATION OF PACIFIC AUTO STAGES, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE PASSENGER AUTO STAGE SERVICE BETWEEN SAN FRANCISCO, NAPA, CALISTOGA AND INTERMEDIATE POINTS BY WAY OF SAUSALITO AND THE GOLDEN GATE FERRY.

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Application No. 9526.

Decided June 16, 1924.

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*Derlin and Brookman*, by *Frank R. Derlin*, for Applicant.  
*F. W. Mielke* and *L. Richardson*, for Southern Pacific Company, Protestant.  
*John T. York*, for San Francisco, Napa and Calistoga Railway, Protestant.  
*G. W. Tattersson*, for California Transit Company, Protestant.  
*C. E. Smith*, for Northwestern Pacific Railroad Company, Protestant.  
*J. J. Deuel*, for California Farm Bureau Federation, Protestant.  
*Clarence N. Riggins*, for Town of St. Helena, Protestant.  
*Raymond Benjamin*, for Monticello Steamship Company, Protestant.  
*Russell F. O'Hara*, for City of Vallejo and Vallejo Chamber of Commerce, Protestants.  
*Wallace L. Ware*, for Santa Rosa, Petaluma and Sausalito Auto Stage Company, Protestant.  
*C. E. Troicer*, Mayor of Napa, Protestant.  
*A. Walter Allen*, for San Rafael and Sonoma Valley Auto Stage Line, Protestant.  
*John D. Cochrane*, for Napa Chamber of Commerce, Protestant.  
*S. W. Bailhache*, for Rutherford Grange, Protestant.  
*Mrs. Florence Baxter*, for Women's Improvement Club of St. Helena, Protestant.  
*Mrs. W. L. Blodgett*, for Calistoga Civic Club, Protestant.  
*John Hartley*, for Napa Grange, Protestant.  
*Arthur W. Imire*, for Oak Knoll Farm Center, Protestant.  
*W. H. Hornaday*, for Veterans' Home, Protestant.  
*H. C. Holden*, for Napa Union High School, Protestant.  
*L. M. Lack*, for St. Helena Chamber of Commerce, Protestant.  
*F. A. Randall*, for Napa County Farm Bureau, Protestant.  
*Frank M. Silva*, for certain residents of Calistoga.  
*Raymond T. McGlynn*, for Protestants in Shellville and Sonoma.

SHORE, Commissioner.

#### OPINION.

In this proceeding Pacific Auto Stages, a corporation, now holding a certificate of public convenience and necessity to operate an automotive stage line between San Francisco and San Jose, applies to the Railroad Commission in its amended application for a certificate of public convenience and necessity authorizing it to operate an automotive stage line as a common carrier of passengers between San Francisco

5-33193

and Calistoga via Sausalito, San Rafael, Ignacio, Shellville, Napa, St. Helena and certain other intermediate points.

The Commission previously, in 1921, under Decision No. 9952, and again under Decision No. 9857, denied applications from two other applicants requesting authority to operate an automotive stage line over portions of this route between Sausalito and Napa or Calistoga. In order, however, to determine whether conditions had changed either with respect to the character of the proposed operation or with respect to the requirements of the public in the district involved, public hearings were held in the above entitled matter on January 28, 29 and 30, 1924, in Napa, and on February 15, 25 and 26, 1924, in San Francisco, at which last named date the matter was submitted on briefs. Briefs have been filed and the matter is now ready for decision.

The application was protested by the Southern Pacific Company, the San Francisco, Napa and Calistoga Railway; Northwestern Pacific Railroad Company; Monticello Steamship Company; California Transit Company; Santa Rosa, Petaluma and Sausalito Auto Stage Company; San Rafael and Sonoma Valley Auto Stage Line, California Farm Bureau Federation, city of Napa, Napa Chamber of Commerce, town of St. Helena, Rutherford Grange, and some eight other schools and public organizations.

The points on the route proposed by applicant and the portions of said route that would be involved in a duplication or paralleling of existing services are as follows:

*San Francisco to Sausalito.*

Applicant's proposed service would cover this portion of the route, from the Union Stage Depot at Fifth and Mission streets in San Francisco to the ferry slip of the Golden Gate Ferry Company at the foot of Hyde street, thence on the ferry of the Golden Gate Ferry Company to Sausalito. This portion of the route is paralleled by the service of the Northwestern Pacific Railroad Company from the Ferry Building at the foot of Market street in San Francisco to Sausalito. The trans-bay operations, in their connections by stage to points in Napa Valley, would also be parallel to the operation of the Southern Pacific Company's ferries from San Francisco to Oakland and trains from Oakland to Vallejo Junction, and ferries from Vallejo Junction to Vallejo, where connections are made with the Southern Pacific trains operating to Napa Valley points. It would also parallel the service of the Monticello Steamship Company, which operates ferries from the Ferry Building in San Francisco to Vallejo, where connection is made with the trains of the San Francisco, Napa and Calistoga Railway to Napa Valley points.

*Sausalito to Calistoga.*

Applicant's proposed service comes into competition with the operations of the Santa Rosa, Petaluma and Sausalito Auto Stage Company as to the through traffic between Sausalito and Calistoga.

*Sausalito to Ignacio.*

Applicant's proposed service would parallel the operations of three existing carriers: Santa Rosa, Petaluma and Sausalito Auto Stage Company; Northwestern Pacific Railroad Company, and San Rafael and Sonoma Valley Auto Stage Line, the first two between Sausalito and Ignacio via San Rafael, the last between San Rafael and Ignacio.

*Ignacio to Shellville.*

Applicant's proposed service would parallel the operations of San Rafael and Sonoma Valley Auto Stage Line between Ignacio and Shellville via Black Point cut-off.

*Napa, St. Helena and Calistoga.*

Applicant's proposed service would directly parallel the operations of San Francisco, Napa and Calistoga Railway and Southern Pacific Company between Napa, St. Helena and Calistoga, as well as indirectly parallel the operations of these carriers between Napa and San Francisco. Indirectly the operations of Dunham's Stage Line would be affected, inasmuch as this line operates between Napa and Sonoma, connecting at this point with the San Rafael and Sonoma Valley Auto Stage Line for Shellville and San Rafael points.

The application sets forth that applicant does not desire to operate any local service between any two points intermediate between San Francisco and Napa. It does, however, propose service between points in Marin County and San Francisco. The president of applicant corporation, however, testified that in his opinion there was no public necessity for service between San Francisco and points served by the Northwestern Pacific Railroad Company in Marin County. The application accordingly stands in effect as proposing the transportation of passengers to and from San Francisco and Marin County points on the one hand, and on the other hand, Shellville, Napa and Calistoga and intermediate points between Napa and Calistoga. Outside of the minor transportation to and from Shellville, a small scattered community in Sonoma County already served by the San Rafael and Sonoma Valley Auto Stage Line to and from San Rafael, where connection is made with either the Santa Rosa, Petaluma and Sausalito Auto Stage Company or with the Northwestern Pacific Railroad Company to Sausalito,

the main issues as between applicant's proposed operations and those of the protestants affect principally the district of Napa Valley lying between Napa and Calistoga, a distance of twenty-three miles. This portion of the route (Napa to Calistoga), both as to intermediate points and as to through traffic between these points and Vallejo and San Francisco, is served by the San Francisco, Napa and Calistoga Railway in conjunction with the Monticello Steamship Company, and by the Southern Pacific Company.

The applicant filed petitions in support of its application, signed by over 2000 people. Seventeen witnesses residing at San Anselmo, Shellville, Napa, Napa Soda Springs, St. Helena and Calistoga testified in support of the application. A considerable number of the petitioners were minors or school pupils. A few of the petitioners notified the Commission that with fuller information they desired to withdraw their names from the petition. The preponderance of this testimony was based upon the understanding of witnesses and petitioners that there would be a considerable saving of time in the transportation proposed by applicant as compared with that now afforded by the railway lines. It was stated by applicant's representatives in circulating these petitions that there would be a saving of time to the extent of one-half an hour from Calistoga to San Francisco, and it appears that some of the petitioners understood that there would be a saving of one-half an hour between Napa and San Francisco. Some of the witnesses also testified that they were interested in the fact that in the proposed operation they would be able to occupy seats on the stage through to the terminal or the shopping district of San Francisco without changing at ferry points.

Protestant, San Francisco, Napa and Calistoga Railway, offered testimony through fifteen witnesses in opposition to the granting of a certificate of public convenience and necessity to the applicant.

Eighteen other witnesses testified on behalf of various other protestants against the granting of the application. Official communications from various organizations in the Napa Valley, including Napa County Board of Supervisors, Napa City Council, Napa Chamber of Commerce, Napa County Real Estate Board, Napa County Farm Bureau, Napa Kiwanis Club, Napa Grange No. 307, St. Helena Town Board, St. Helena Chamber of Commerce, St. Helena Women's Improvement Club, St. Helena Sanitarium, Calistoga Town Board, Calistoga District Chamber of Commerce, Lodi Farm Center, Tucker's Farm Center, Oak Knoll Farm Center, Salvador Farm Center, Rutherford Grange No. 371, protesting against the proposed operations by applicant, were filed with the Commission. In addition to the above witnesses, C. E. Brown, vice president and general manager of the San Francisco, Napa and Calistoga Railway, and L. Richardson, assistant general passenger agent of the

Southern Pacific Company, testified on behalf of those carriers in protest of the application. Floyd Hanchett, president and general manager of Pacific Auto Stages, testified for the applicant.

Copies of editorials of the four Napa Valley newspapers, Weekly Calistogian, St. Helena Star, Napa Daily Register, and Napa Journal, all expressing opposition to the proposed operation of applicant, were filed as exhibits in this proceeding.

As stated above, the general testimony in support of the application was directed chiefly to the expectation of witnesses that applicant's operation would provide a considerable saving of time between Napa Valley points and San Francisco, and that some convenience would be provided in the continuous character of the operations without change. Some of the testimony suggested a disposition to favor additional competitive operation on the principle of "the more the merrier," and several of applicant's witnesses testified that they would not be in favor of the proposed operations by applicant if its operations would endanger the efficiency, continuity, and maintenance on its present schedules of the operations of the electric railway, which is regarded by all witnesses as the main transportation facility and asset of the Napa Valley.

The principal witnesses testifying on behalf of protestant, the San Francisco, Napa and Calistoga Railway, in opposition to the granting of the application, represented some of the largest commercial, business, agricultural and public organizations of the Napa Valley, and some of them represented the heavy taxpayers or large property interests of the valley.

While some of these protesting witnesses included in their testimony statements showing a sentimental attitude of valley residents against motor bus transportation in general and others expressed their opposition on the ground of having paid the taxes assessed to provide for the original cost and maintenance of this valley highway, the Commission does not attach material importance to such testimony. But the principal weight of testimony was directed in support of the adequacy of the existing service provided by the San Francisco, Napa and Calistoga Railway, and as indicative of their concern lest the operation proposed by applicant should, if authorized by the Commission, divert such an amount of traffic from the San Francisco, Napa and Calistoga Railway, hereinafter called the electric railway, that either the continued operations of this railway might be jeopardized, thereby entailing serious consequences to the communities both from the standpoint of the hauling of freight and of passengers, or that the present number of schedule trains in daily operation might be materially reduced. It was pointed out in support of this latter contention that, by order of the Railroad Commission in Decision No. 9355, the passenger train service of the



Southern Pacific Company was in August, 1921, reduced to one train each way per day, it having been shown to the Commission that additional operations theretofore had were conducted at a serious loss to the carrier.

Applicant proposes to charge one-way rates between San Francisco and points from Napa to Calistoga, inclusive, practically identical with the combined existing rates via the Monticello Steamship Company, hereinafter referred to as the steamship company, and the electric railway. It proposes a schedule of round-trip rates between San Francisco and points within the same territory also practically identical with those now charged by the existing carriers, there being a difference of only 5 cents or 10 cents in several instances.

The principal points at issue accordingly relate, first, to applicant's claim that its proposed operations would provide a considerable saving of time in transportation between Napa Valley points and San Francisco, and, secondly, to the electric railway's contention that the proposed operations by applicant, if authorized by the Commission, would seriously damage and possibly jeopardize the value and efficiency of this protestant's services to Napa Valley communities, which rely chiefly upon its services and facilities for the transportation both of passengers and of freight.

Applicant, in its revised time schedule, proposes to operate two round trips per day, leaving its San Francisco terminus, the Union Stage Depot at Fifth and Mission streets, at 9.20 a.m. and 3.20 p.m., arriving at Calistoga at 12.35 and 6.35 p.m.; leaving Calistoga at 1.15 and 7.40 p.m., arriving at San Francisco at 4.30 and 11 p.m.

The electric railway, in conjunction with the steamship company, serves this territory with six round trips per day, leaving San Francisco at 7.30 and 9.45 a.m., and 12.30, 3.25, 6 and 8.30 p.m. The 8.30 p.m. schedule operates only as far as Napa. There are six trains daily leaving Calistoga for San Francisco, these schedules leaving Calistoga at 5.50, 7.40 and 10.25 a.m., and at 1.15, 3.45 and 6.05 p.m. The running times of all schedules of the electric railway and the steamship company are somewhat longer than those proposed by applicant stage company, with one exception. The time of the applicant as set forth in its revised time schedule is three hours fifteen minutes between termini, with the exception of its last schedule leaving Calistoga, which is three hours twenty minutes, the average schedule of applicant from San Francisco to Napa being two hours fifteen minutes. The average schedule for the combined services of the steamship company and the electric railway between San Francisco and Calistoga calls for three hours fifty-five minutes, and between San Francisco and Napa calls for two hours thirteen minutes. On the return trip the average time of the electric railway and steamship company from Napa to San Francisco is two

hours thirty-four minutes as against the average of two hours seventeen and one-half minutes proposed by applicant.

The practicability of applicant's proposed time schedule, however, was persistently challenged by all of the protesting carriers. Considerable testimony and time and several exhibits were devoted to a detailed analysis of this proposed time schedule.

In the first place it was pointed out that applicant allows in its time schedule only thirty minutes from the time of departure from the Union Stage Depot at Fifth and Mission streets in San Francisco to the time of departure from Sausalito. This route would carry applicant's passengers from Fifth and Mission streets, through the Stockton street tunnel and over Columbus avenue to the ferry slip at the foot of Hyde street, where the stage will be obliged to board the ferry for transportation to Sausalito. There were submitted in evidence exhibits showing the elapsed time of operation of the Golden Gate Ferry Company's boats, which would have to be used by the applicant's stages. Boats operated on February 13, 1924, between 8.33 a.m. and 8.02 p.m. on half-hour schedule of the ferry company, showed an average elapsed time of 28.9 minutes from boat start to boat start. On the same date the elapsed time from boat tie-up to boat tie-up was 29.9 minutes. On the same date a report of time from first car off the ferry at Sausalito to first car off the ferry at San Francisco showed an elapsed time of 29.6 minutes and for the same date for the first car off the ferry at Sausalito to the first car on at San Francisco an average elapsed time of 29.7 minutes. The corresponding figures for February 14th showed an average of 30.1 minutes in both directions. On the basis of this testimony it would appear to be impossible for applicant to maintain its proposed schedule of thirty minutes, including stage operations through congested traffic areas in San Francisco, together with the time necessary for the ferry trip from San Francisco to Sausalito.

Further exhibits were filed on behalf of Santa Rosa, Petaluma and Sausalito Auto Stage Company, in connection with which it was testified that a stage similar to that proposed to be operated by applicant was driven in a test operation over the proposed route between San Francisco and Calistoga, and that by operating in accordance with legal speed requirements, stopping at railroad crossings in accordance with a general order of the Railroad Commission and also allowing time for discharging and picking up passengers, and that this test operation required three hours fifty-seven minutes from corner of Fifth and Mission streets in San Francisco over the proposed route to Calistoga. This would equal or slightly exceed the time of the average schedule on the electric railway and steamship line between San Francisco and Calistoga.

Mr. Hanchett, president of applicant corporation, testified that applicant's proposed time schedule was based upon test operations which he had personally made over the proposed route. On cross-examination, however, it appeared that this test operation by applicant had not fully taken into account all of the road stops and ferry delays that might be expected in normal operations.

It was further shown that under applicant's proposed time schedule, leaving Calistoga at 1.15 and 7.40 p.m., arriving at San Francisco at 4.30 and 11 p.m., such a service would not be of any material value to residents of the Napa Valley visiting or shopping in San Francisco unless they were prepared both in time and money to remain in San Francisco over night.

It would therefore appear from the evidence in this proceeding that the applicant has not sustained its claim that public convenience and necessity require its operation from the standpoint of providing an additional convenience and a considerable saving in time in transportation to and from Napa Valley points from and to San Francisco, and it was upon this claim of applicant and the statements of its representatives to the public and to its petitioners to that effect that most of the testimony in support of the application was based.

There was the additional statement by some of the applicant's witnesses that public convenience would be served by reason of transportation being provided by applicant's stages in such a manner that it would be unnecessary for the traveling public using them to make changes at ferry points. In view, however, of the general experience and custom of the public traveling to points on or beyond either side of the San Francisco Bay, making changes from train or street car to ferry and the reverse, and having in mind the doubtful preference of having to sit through the ferry trip for thirty minutes in a crowded stage, the Commission is not convinced that much weight should be attached to this phase of the testimony.

While the Commission recognizes that motor transportation by auto stages has proved to be a matter of public convenience and necessity in many parts of this state so that the matter of mere local sentiment should not be considered as weighing heavily where actual public convenience and necessity exist, it appears that the weight of the testimony in this proceeding offered by witnesses on behalf of the protesting carriers indicated an unusual sense, particularly on the part of the agricultural, business and other property interests of the Napa Valley, that a danger would be involved in the reduction of time schedules or in the imperiling of the financial standing and ability of the electric railway to maintain its services, which are vital to these communities.

C. E. Brown, vice president and general manager of the San Francisco, Napa and Calistoga Railway, filed a considerable number of

exhibits showing the traffic handled and the earnings and expenses of the electric railway over a period of years. These exhibits give the following figures covering a period of five years, 1919 to 1923, inclusive:

	1919	1920	1921	1922	1923
Passengers carried -----	690,732	660,986	593,230	454,085	397,734
Total earnings -----	\$338,704	\$345,853	\$328,448	\$280,277	\$260,392
Passenger earnings, included in above -----	293,387	298,784	283,136	237,556	210,790
Total expenses -----	271,690	284,639	305,605	261,622	251,556
Gain -----	67,014	61,214	21,843	18,655	8,836
Additional gain, Mare Island freight -----		1,564	20,890	2,856	17,416
Total gain -----	67,014	62,778	42,742	21,511	26,252
Additions and betterments -----	34,062	49,185	44,601	7,964	19,492
Balance gained -----	32,952	13,593	1,859*	13,547	6,850

\*Deficit.

The electric railway has never paid any dividends on its stock. It has, however, met all of its interest obligations, which, as pointed out by counsel for applicant, included interest on bonds, the majority of which are understood to be held by the same individual who is the owner of the majority of the stock. Counsel for applicant also contended that undue weight might be attached to the significance of the electric railway's declining figures with respect to earnings and to passengers carried in view of the fact that during certain years of that period an abnormal proportion of the traffic was due to Mare Island naval operations.

The evidence submitted by the electric railway, including the above figures, indicates a declining trend in the total business done and in the number of passengers carried by this company. While this fact alone might not in some instances constitute a ground upon which the requirements of public convenience and necessity for other forms of transportation should be foregone in behalf of an existing carrier, considerable weight in this instance must be attached to the fact that this electric railway, with its large amount of invested capital, is serving a limited territory and that it provides the principal facilities for the handling of both the passenger traffic and the freight traffic to and from Napa Valley communities. With the strong protests from the substantial interests, business and agricultural, of the Napa communities against the proposed operations by applicant and against any proposed new transportation which would tend to divert traffic from the electric railway in its present struggling financial condition and with the evidence in this proceeding tending to show that applicant's primary claim to be able to provide a substantial saving in operating time is not well founded, and further that applicant's time schedules would not provide for the traveling public from Napa Valley points the convenience that is now provided by the time schedules of the electric railway, it does not

appear that the applicant has sustained its claim that public convenience and necessity require its operation as proposed in this application. An order will accordingly be entered herein.

#### ORDER.

Public hearings having been held in the above entitled matter, evidence submitted, briefs filed, and the Commission now being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity do not require the operation by Pacific Auto Stages, a corporation, of an automotive stage line as a common carrier of passengers between the termini of San Francisco and Calistoga via Sausalito, San Rafael, Ignacio, Shellville, Napa, St. Helena and certain other intermediate points; and

*It is hereby ordered*, that the above entitled application be and the same hereby is denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixteenth day of June, 1924.

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#### DECISION No. 13703.

IN THE MATTER OF THE APPLICATION OF MARY E. LACASSIE FOR  
AN ORDER ESTABLISHING AN INCREASE IN RATES FOR SALE  
OF WATER.

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Application No. 10038.

Decided June 16, 1924.

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*Mary E. Lacassie, in propria persona.*

WHITTLESEY, *Commissioner.*

#### OPINION.

Mary E. Lacassie, the applicant herein, who owns and operates a water system supplying about eighty consumers in and in the vicinity of Walnut Creek, Contra Costa County, asks authority to increase the rates for the sale of water.

The application alleges in effect that the schedule of rates established by this Commission in Decision No. 9728, in Application No. 6885, does not produce sufficient revenue to cover maintenance and operation expenses, together with a reasonable rate of return upon the investment in the system. The Commission is asked to establish a schedule of rates which will produce the revenues to which applicant is entitled.

A public hearing in this proceeding was held at Walnut Creek after

all consumers had been duly notified and given an opportunity to appear and be heard.

The rates heretofore established by this Commission to be charged for water delivered to consumers by the applicant are as follows:

*Meter Rates.*

Readiness-to-serve charge, to apply to all metered service, per month \_\_\_\_ \$0 50

*Quantity Rates.*

From 0 to 600 cubic feet per month, per 100 cubic feet-----	25
Over 600 cubic feet per month, per 100 cubic feet-----	20

The quantity charge shall be in addition to the readiness-to-serve charge.  
All other rates (flat rates) shall remain as at present in effect.

These flat rates vary from \$1 to \$5 per month, depending upon the classification of property and the water facilities installed on the premises.

The testimony shows that there are at present eighty-one consumers, sixty-five of whom are served through meters, the remainder being charged on the flat-rate schedule. It was further shown that meters are being placed upon all flat-rate services as rapidly as applicant's finances will permit.

In Decision No. 9728, previously referred to, the Commission found that a reasonable original cost of the system as it existed at that time was \$5,319, and that reasonable maintenance and operation expenses were \$859 per annum.

At the hearing in the present proceeding William Stava, one of the Commission's hydraulic engineers, submitted a report prepared after a thorough investigation of the water system and its operations, which showed net additions to capital since the last proceeding to be \$977, making a total original cost of the physical properties comprising the system of \$6,296. This report recommended as reasonable the sum of \$900 for annual maintenance and operation expenses for the immediate future, and showed a depreciation annuity computed by the sinking fund method of \$60. The figures contained in this report were accepted without protest by applicant, with the exception of the allowance for maintenance and operation expenses, the claim being made that an additional amount would be required in the immediate future on account of the extremely dry season, which necessitates additional pumping. Mr. Stava's report shows that the revenues for the year 1923 amounted to \$1,253, and that the rate of return on the capital invested was 4.65 per cent.

The water supply is obtained from springs which, during the period of maximum demand in the summer, decrease to such an extent that it is necessary to supplement the supply derived from the springs by pumping from wells. The water is collected in two 9500-gallon wood

tanks which the testimony shows have not sufficient capacity to store the entire flow of the springs. In order to conserve the entire flow and to maintain an adequate supply in storage, it was proposed in 1921 to install a 100,000-gallon concrete reservoir at an estimated cost of \$2,550, and to place meters upon all services. The revenues derived from the sale of water on this system have not been sufficient to permit the financing of the reservoir construction, although a large portion of the metering program has been completed. The evidence clearly indicates that the installation of additional storage tanks, together with the replacement of about 500 feet of two-inch main leading from the present storage tanks with a main of larger capacity, probably four inches in diameter, would so improve service that the consumers' requirements could be adequately supplied even in periods of extreme drought. It is recommended that these installations be made at the earliest possible moment, due consideration being given to the difficulties applicant has experienced in financing improvements.

Careful consideration of all the evidence submitted, with particular reference to the results of operation during the year 1923, the probable increase in future operating costs and the necessity for installing improvements, leads to the conclusion that the applicant is entitled to an adjustment in rates which will yield additional revenues, and the rates set out in the accompanying order are designed to produce sufficient revenue to cover maintenance and operation expenses, depreciation annuity, and a reasonable return upon the investment. These rates are lower than those charged consumers in that portion of the town of Walnut Creek which is supplied by the municipally operated water system.

The following order is recommended:

#### ORDER.

Mary E. Lacassie having made application for authority to increase the rates for water delivered to consumers in and in the vicinity of Walnut Creek, Contra Costa County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Mary E. Lacassie for water delivered to consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Mary E. Lacassie be and she is hereby directed to file with this Commission, within twenty (20) days from the date of this order, the following schedule of rates to be charged for all

water delivered to consumers in and in the vicinity of Walnut Creek, Contra Costa County, subsequent to June 30, 1924:

*Monthly Meter Rates.*

From 0 to 500 cubic feet, per 100 cubic feet-----	\$0 30
From 500 to 1000 cubic feet, per 100 cubic feet-----	25
Over 1000 cubic feet, per 100 cubic feet-----	20

*Monthly Minimum Rates.*

For $\frac{1}{8}$ -inch meter-----	1 50
For $\frac{1}{4}$ -inch meter-----	2 50
For 1 -inch meter-----	4 00
For 1½-inch meter-----	8 00
For 2 -inch meter-----	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out above.

*It is hereby further ordered*, that Mary E. Lacassie be and she is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixteenth day of June, 1924.

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DECISION No. 13705.

IN THE MATTER OF THE APPLICATION OF THE BOND AND JONES WATER COMPANY, A COPARTNERSHIP, FOR PERMISSION TO INSTALL METERS AND TO HAVE METER RATES FIXED.

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Application No. 9970.

Decided June 16, 1924.

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*L. F. Coburn*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Bond & Jones Water Company, a copartnership, asks permission to install meters and charge a meter rate for water furnished to consumers in and in the vicinity of El Modena and McPherson, Orange County.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might appear and be heard.

The water supply for this system is obtained from the John T. Carpenter Water Works, a mutual company, through the ownership



of 157½ shares of stock. This supply of water is delivered into a large concrete reservoir from which it is distributed to consumers. To augment the supply the company owns a well and a complete pumping unit which it operates as the demands require.

Applicant delivers water to approximately one hundred and forty consumers on a flat-rate basis, and the testimony shows that a large quantity of water is furnished, much of which is wasted. There are, however, no records showing the amount of water used by the consumers or the amount delivered into the system for distribution.

Applicant did not submit any figures showing the investment in the plant, maintenance and operating expense, or revenue. At the hearing a report was submitted by F. H. Van Hoesen, one of the Commission's hydraulic engineers, which showed an estimate of original cost of the water system amounting to \$17,759. This amount does not include the cost of 157½ shares of stock in the John T. Carpenter water company, which Mr. Jones testified cost approximately \$40 per share. A combination of the two sums indicates an estimated reasonable original cost of the property of \$24,059. A depreciation annuity, computed by the 6 per cent sinking fund method, was shown to be \$411. The maintenance and operating expense for 1923 was \$1,448, and revenues were \$1,961.

The above figures indicate that this utility is earning a return of considerably less than 1 per cent upon a reasonable cost of the property, and the establishment of meter rates will undoubtedly result in additional revenues. This Commission has on many occasions called attention to the fact that a metered delivery of water is the only method by which the costs of furnishing the supply can be divided equitably among the consumers.

As all water has heretofore been sold on a flat-rate basis, there is no record available upon which an equitable schedule of meter rates can be computed at this time. However, the rates set out in the accompanying order are reasonable and will compare favorably with those of other utilities operating under similar conditions.

#### ORDER.

The Bond & Jones Water Company, a copartnership, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by the Bond & Jones Water Company, a copartnership, for water delivered to consumers in and in the vicinity of El Modena and McPherson, Orange County, are unjust and unreasonable in so far as they differ from the

rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion:

*It is hereby ordered*, that Bond & Jones Water Company, a copartnership, be and the same is hereby authorized to file with this Commission, within twenty (20) days from the date of this order, the following schedule of rates to be charged for water delivered to its consumers subsequent to June 30, 1924:

*Meter Rates.*

Monthly minimum charges—

$\frac{1}{2}$ -inch meter	-----	\$1 25
$\frac{3}{4}$ -inch meter	-----	2 00
1 -inch meter	-----	3 00
1½-inch meter	-----	6 00
2 -inch meter	-----	9 00
3 -inch meter	-----	18 00

Each of the foregoing "monthly minimum charges" will entitle the consumer to the quantity of water which that amount of money will purchase at the following "monthly meter rates":

Monthly meter rates—

From 0 to 500 cubic feet, per 100 cubic feet	-----	\$0 25
From 500 to 2000 cubic feet, per 100 cubic feet	-----	20
All over 2000 cubic feet, per 100 cubic feet	-----	15

Meters will be installed at the option of either the consumer or the utility. If installed at the option of the utility, the entire cost shall be borne outright by the utility. If installed at the option of the consumer, the cost of the meter shall be advanced by the consumer to the utility, and the amount so deposited shall be returned to the consumer as credits on the monthly bills for water consumed, at the rate of one-third of such monthly bills, until the entire amount deposited shall have been returned.

All other rates shall remain as at present in effect.

Dated at San Francisco, California, this sixteenth day of June, 1924.

DECISION No. 13718.

IN THE MATTER OF THE APPLICATION OF THE SAN DIEGO ELECTRIC RAILWAY COMPANY AND THE SAN DIEGO AND CORONADO FERRY COMPANY FOR AUTHORITY TO CANCEL AND DISCONTINUE THE SALE OF JOINT CALENDAR MONTH COMMUTATION TICKETS BETWEEN SAN DIEGO AND CORONADO.

Application No. 10108.

IN THE MATTER OF THE APPLICATION OF THE SAN DIEGO ELECTRIC RAILWAY COMPANY FOR AUTHORITY TO CANCEL AND DISCONTINUE THE SALE OF CALENDAR MONTH COMMUTATION FARES BETWEEN POINTS WITHIN SAN DIEGO INNER AND OUTER ZONES, BETWEEN SAN DIEGO AND OCEAN BEACH; BETWEEN SAN DIEGO AND NATIONAL CITY; BETWEEN SAN DIEGO AND POTASH; BETWEEN SAN DIEGO AND CHULA VISTA, AND BETWEEN SAN DIEGO AND CHULA VISTA (THIRD STREET).

Application No. 10109.

Decided June 20, 1924.

*E. J. Burns*, for Applicants.

BY THE COMMISSION.

**OPINION.**

These two applications, involving the same fare adjustments, were heard together and will be disposed of in one opinion and order.

A hearing was held at San Diego June 12, 1924, before Examiner Geary, and the proceedings having been duly submitted are now ready for opinion and order.

In Application No. 10108 of the San Diego Electric Railway Company, joint with the San Diego and Coronado Ferry Company, authority is sought under the provisions of section 63 of the Public Utilities Act for an order granting permission to cancel the joint calendar monthly commutation fare of \$4 between San Diego and Coronado.

In Application No. 10109 of the San Diego Electric Railway Company, authority is sought to cancel calendar monthly commutation fares between points within San Diego inner and outer zones of \$4; between San Diego and Ocean Beach \$4; between San Diego and National City \$4; between San Diego and Potash \$4; between San Diego and Chula Vista \$8.50 and between San Diego and Chula Vista (Third street) \$9.

In justification of the proposed changes the applicant sets forth that prior to the year 1923 the calendar month commutation books were freely used, that since the establishment of the weekly pass on January 1, 1923, the sales have steadily declined and that the weekly pass now supplies all reasonable demands of the commuting patrons and at an average cost per ride lower than the calendar month fares.

The weekly pass is not individual as to use but entitles the passenger presenting the pass to as many rides as desired during a period of seven days beginning with first car on Mondays and ending with last car on the following Sunday, the only restriction being that in no case will a weekly pass be valid for transportation of more than one passenger on the same trip of any one car, train or motor coach.

Applicant presented eight exhibits dealing with various phases of the street car and interurban traffic, showing the segregation of the passengers into the different fare classes, the revenue secured from each class, the number of passengers carried and the cost of printing and auditing the commutation books. The exhibits are very complete and comprehensive, covering the actual performance for four years (1920, 1921, 1922 and 1923) with an estimate for the year 1924. For the purpose of this proceeding it will not be necessary to go into any extensive analyses of the exhibits except in connection with the commutation and weekly pass situations.

That the so-called weekly pass has met with the popular favor of the car riders in San Diego, and to a substantial extent solved the financial difficulties of these applicants, is evidenced by the number of the weekly tickets sold. During the year 1923 applicants sold 321,547 weekly passes for \$330,610.15; the purchasers of these tickets made 8,697,245 trips, representing 30.92 per cent of all passengers carried at an average revenue per passenger of 3.8 cents. During the first three months of 1924 the weekly passes produced 2,257,191 passengers as compared with 1,948,043 for the same months of the year 1923.

During the month of May, 1924, applicants sold 31,532 weekly pass tickets as compared with but 74 monthly commutation tickets, divided as follows: San Diego inner and outer zones, 27,891 passes, no commutation; Ocean Beach 1517 passes, 32 commutation; National City-Chula Vista 581 passes, 11 commutation; Coronado 1543 passes, 31 commutation. In percentage the commutation tickets represent less than one-fourth of 1 per cent of the total number of tickets. Exhibit No. 6 shows that the expenses in connection with the printing, counting and auditing of the limited number of commutation tickets sold consumed 46 per cent of the total revenue.

No transfers are issued or necessary to the pass holders, thus eliminating a large cost for printing and accounting; the absence of transfers also results in a great saving of time at the junction points.

Practically 75 per cent of the San Diego street cars are now operated by one platform man, although most of the equipment is of the two-man type having a seating capacity for 56 passengers, making possible a substantial reduction in operating costs.

Notwithstanding the fact that notices of these proceedings were posted in all cars and stations and published in the daily press, but one person attended the hearing to protest the proposed changes, which protest was not against the adjustment *per se* but because of a slight personal increase which might result from the discontinuance of the commutation fares.

After a careful consideration of the evidence in this proceeding and a study of the exhibits filed by the applicants herein we are of the opinion and find as a fact that the commutation tickets now being sold by these applicants are not productive of sufficient revenue to justify the cost of printing and accounting and that they therefore become a burden on other traffic. The application should be granted.

#### ORDER.

Public hearing having been held in the above entitled proceedings, the matter having been duly submitted and the Commission being fully advised and basing its order on the finding of fact as set forth in the preceding opinion;

6-33193

*It is hereby ordered*, that the San Diego Electric Railway Company and the San Diego and Coronado Ferry Company be authorized, within twenty (20) days of the date of this order, to cancel and discontinue the sale of the monthly commutation fares as set forth in the application now published in Tariff C. R. C. No. 23 and No. 24.

Dated at San Francisco, California, this twentieth day of June, 1924.

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DECISION No. 13719.

IN THE MATTER OF THE APPLICATION OF STATE WAREHOUSE COMPANY, A CORPORATION, FOR PERMISSION TO INCREASE WAREHOUSE STORAGE RATES FOR THE STORAGE OF GRAIN.

Application No. 10150.

IN THE MATTER OF THE APPLICATION OF J. W. CHARGE AND SONS, A PARTNERSHIP, FOR PERMISSION TO INCREASE WAREHOUSE STORAGE RATES FOR THE STORAGE OF GRAIN.

Application No. 10151.

IN THE MATTER OF THE APPLICATION OF NORTHERN STAR MILLS, A CORPORATION, FOR PERMISSION TO INCREASE WAREHOUSE STORAGE RATES FOR THE STORAGE OF GRAIN.

Application No. 10152.

IN THE MATTER OF THE APPLICATION OF GANSEN WAREHOUSE COMPANY, A PARTNERSHIP, FOR PERMISSION TO INCREASE WAREHOUSE STORAGE RATES FOR THE STORAGE OF GRAIN.

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Application No. 10153.

Decided June 20, 1924.

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*Fratt and Jones*, for all Applicants.

BY THE COMMISSION.

**OPINION.**

These proceedings involve four applications for authority under the provisions of section 63 of the Public Utilities Act to increase the season storage rate for grain from \$1 to \$1.25 at the warehouses of the State Warehouse Company, J. W. Charge and Sons, Northern Star Mills and Gansen Warehouse Company, all located in the city of Chico.

A public hearing was held at Chico June 17th before Examiner Geary and the proceedings having been duly submitted are now ready for an opinion and order.

The applications are similar in form, and allege that the present season rate of \$1 per ton is unreasonable and secures no return upon the money invested in the warehouse business.

The storage of grain begins in the early part of June and the season embraces the twelve months until the first of the following June. The present rates have been in effect at Chico for a number of years. They were not adjusted during the war period and are now lower than the

rates for similar storage at points in the Sacramento Valley, such as Biggs, Durham, Nelson, Nord, Tehama, Vina, Live Oak, Maxwell, Corning, Oroville, Willows and Woodland.

Each of the applicants presented exhibits giving the revenue and expenses over a period of years and through the testimony of witnesses showed that the public utility services are being operated at a direct financial loss. The applicants are all engaged in other lines of business activities and the expenses carried in the exhibits filed at the hearing and as shown in the annual reports include in most instances only the direct out-of-pocket operating expenses and do not include charges for such items as supervision, clerical help, compensation insurance, or depreciation, which, if included, would greatly increase the net loss per annum.

The property devoted to warehouse purposes is, with one exception, owned by applicants; however, from the information at hand it is apparent the patrons of these warehouses could not sustain rates commensurate with the claimed values of the properties, and the rate petitioned for of \$1.25 per ton per season is not claimed to be such as to secure a proper, if any, return upon the capital invested in the public utility business. It is obvious applicants could not continue the storage services were it not for the other allied activities.

These petitions were first presented for informal authority, but, because of the importance of the adjustment and the large agricultural interests involved, formal petitions were required to permit interested parties to be heard. Notwithstanding that the matter was discussed with certain shippers and general publicity given of the hearing, not a single storer of grain appeared, nor was there a protest of any nature.

Under all of the conditions surrounding these applications, we are of the opinion and find as a fact that the present rate of \$1 per ton per season for storing grain at warehouses of applicants at Chico, including the loading on cars, is noncompensatory, and that a rate of \$1.25 per ton, including loading on cars, is just and reasonable. The applications should be granted and the rate made effective for the season commencing June 1, 1924.

#### ORDER.

The State Warehouse Company, a corporation; J. W. Charge and Sons, a partnership; Northern Star Mills, a corporation, and Gansen Warehouse Company, a partnership, having applied to the Railroad Commission for an order authorizing an increase in the warehouse rates for the storage of grain by applicants at Chico, and a public hearing having been held and the Commission being fully advised in the premises;

*It is hereby ordered*, that the applications be and the same are hereby granted, and applicants are hereby authorized, effective June 1, 1924,

to charge and assess for the season's storage of grain (June 1 to May 31 following), including the loading on cars, a rate of \$1.25 per ton, which rate the Commission hereby finds as a fact to be a just and reasonable rate.

*It is hereby further ordered*, that a tariff carrying the rate herein named be filed with the Railroad Commission and that same be placed in effect as of June 1, 1924.

Dated at San Francisco, California, this twentieth day of June, 1924.

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DECISION No. 13721.

IN THE MATTER OF THE APPLICATION OF PINEDALE WATER COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND FOR THE ESTABLISHMENT OF RATES.

Application No. 10004.

IN THE MATTER OF THE APPLICATION OF PINEDALE WATER COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF STOCKS.

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Application No. 10005.

Decided June 20, 1924.

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*Goudge, Robinson and Hughes*, by *S. B. Robinson*, for Applicant.

BY THE COMMISSION.

OPINION.

At the hearing had on the above applications before Examiner Fankhauser on May 22d the applications were consolidated for hearing and decision. In Application No. 10004, Pinedale Water Company asks for a certificate of public convenience and necessity permitting it to operate a water plant and further asks the Commission to establish rates which it may charge for water. In Application No. 10005, Pinedale Water Company asks permission to issue not exceeding \$20,000 of common capital stock at par and to purchase a water distributing system built by the Pinedale Realty Company and construct additions and betterments to such system.

It is of record that the Pinedale Realty Company was formed to acquire approximately 225 acres of undeveloped and unimproved lands east of the holdings of the Sugar Pine Lumber Company at Pinedale, about nine miles north of Fresno. The Pinedale Realty Company has subdivided about 140 acres of such tract and has been selling lots in said subdivision. The improvements are to include roads, electric light and water. The townsite was established as an incident to the establishment of the lumber mill of the Sugar Pine Lumber Company. The territory within which applicant asks permission to construct, maintain and operate a public utility water system is described as follows:

In all of the streets, avenues, alleys and public places within the portion of the townsite of Pinedale, county of Fresno, State of California, as shown on the map of said townsite recorded in the office of the county recorder of said county on March 20, 1923, in Book 9 of Plats, at pages 92 and 93, lying westerly of the easterly line (and its prolongation) of that certain alley shown on said map, which is parallel to and 125 feet easterly from San Pablo avenue, as shown on said map.

This territory comprises all of the area which officers of the Pinedale Realty Company believe will constitute the townsite of Pinedale during the course of the next five or seven years.

There has been filed with the Commission, as applicant's Exhibit No. 1, copy of a franchise (Ordinance No. 235) granted by the board of supervisors of Fresno County, permitting applicant, subject to the conditions of such ordinance, to construct, operate and maintain a water system in the above described territory.

It is of record that the Pinedale Realty Company has expended more than \$15,000 to install a water distributing system in Pinedale. There are now about ninety-five services, of which eighty-five are active. The water supply is obtained from a well owned and operated by the Sugar Pine Lumber Company, such well being located just outside the townsite. The water company is paying nothing for water received from such well. The water is pumped into an elevated tank of 10,000-gallon capacity. It is then forced into a pneumatic tank of 315-gallon capacity, and thereafter distributed through approximately 13,000 feet of standard screw pipe of sizes varying from 2-inch to 6-inch, inclusive. The arrangements under which applicant intends to obtain water are not entirely satisfactory. The oral agreement now existing between the Pinedale Realty Company and the Sugar Pine Lumber Company, under which agreement the lumber company is furnishing water free of charge to the realty company, should be reduced to writing. In addition, applicant should forthwith proceed with the construction of a well on one of the lots which the testimony shows will be transferred to applicant for a nominal consideration.

The company asks permission to put into effect the following rates:

#### A. METER RATES.

##### *Monthly Meter Rates.*

From 0 to 400 cubic feet, per 100 cubic feet.....	\$0 30
Over 400 cubic feet, per 100 cubic feet.....	25

##### *Monthly Minimum Charges.*

For $\frac{1}{2}$ -inch meter.....	1 25
For $\frac{3}{4}$ -inch meter.....	2 25
For 1-inch meter.....	4 00
For 1½-inch meter.....	7 50
For 2-inch meter.....	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum charge will purchase at the monthly meter rates as set out above. Meters may be



installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility, the entire cost shall be borne outright by the utility. If installed at the option of the consumer, the actual cost thereof shall be deposited by the consumer with the utility and the amount so deposited shall be returned to the consumer as credits on monthly bills for water consumed at the rate of 30 per cent of such monthly bills.

#### B. FLAT RATES.

##### *Monthly Flat Rates.*

1. Dwelling of six rooms or less, including irrigation of lot on which house is located, if not over 700 square yards.....	\$1 50
2. For each additional room over six in Item 1.....	10
3. Stores, shops, markets, halls, offices, each.....	1 50
4. Sprinkling or irrigation not included in Item 1, for each month used, per 100 square feet.....	65
5. Monthly minimum flat rate.....	1 50

The above rates appear reasonable and applicant may charge the same until further ordered by the Commission.

Pinedale Water Company asks permission to issue at par \$20,000 of its common capital stock. Of this amount approximately \$15,000 will be presently issued to the Pinedale Realty Company in payment for the water distributing properties and materials and supplies which the realty company will transfer to the water company. Three shares of stock will be purchased by directors for qualifying purposes. The remainder of the stock will be purchased by the Pinedale Realty Company at par for cash and the money used by the water company to extend and improve its water distributing system. It is believed that steps should be taken forthwith to develop a water supply on property owned by the water company and that the verbal agreement between the Pinedale Realty Company and the Sugar Pine Lumber Company, under which agreement the realty company has heretofore been obtaining water, should be reduced to writing. Such agreement should be submitted to the Commission for its approval.

#### ORDER.

Pinedale Water Company having applied to the Railroad Commission for permission to construct, maintain and operate a water distributing system in Pinedale, to issue stock and for an order establishing rates for water service; a public hearing having been held:

It is hereby found that the rates herein established are just and reasonable rates and that the money, property or labor to be procured or paid for through the issue of stock herein authorized is reasonably required by applicant.

And basing its order upon the foregoing finding of fact and any

other statements of facts contained in the opinion which precedes this order:

*It is hereby ordered, as follows:*

1. Public convenience and necessity require and will require the Pinedale Water Company to exercise the rights and privileges obtained by Ordinance No. 235, passed on May 9, 1924, by the board of supervisors of Fresno County, provided that the company will never claim for such ordinance or franchise a value in excess of \$318, the amount paid to the grantor for such franchise.

2. Pinedale Water Company is hereby authorized and directed to file with the Railroad Commission, within twenty days after the date of this order, the following schedule of rates to be charged for all water delivered to consumers on and after July 1, 1924:

*Monthly Flat Rates.*

1. Dwelling of six rooms or less, including irrigation of lot on which house is located, if not over 700 square yards.....	\$1 50
2. For each additional room over six in Item 1.....	10
3. Stores, shops, markets, halls, offices, each.....	1 50
4. Sprinkling or irrigation not included in Item 1, for each month used, per 100 square feet.....	65
5. Monthly minimum flat rate.....	1 50

*Monthly Meter Rates.*

From 0 to 400 cubic feet, per 100 cubic feet.....	30
Over 400 cubic feet, per 100 cubic feet.....	25

*Monthly Minimum Charges.*

For $\frac{1}{2}$ -inch meter.....	1 25
For $\frac{3}{4}$ -inch meter.....	2 25
For 1-inch meter.....	4 00
For 1 $\frac{1}{2}$ -inch meter.....	7 50
For 2-inch meter.....	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum charge will purchase at the monthly meter rates as set out above. Meters may be installed upon any service at the option of either the utility or the consumer. If installed at the option of the utility, the entire cost shall be borne outright by the utility. If installed at the option of the consumer, the actual cost thereof shall be deposited by the consumer with the utility and the amount so deposited shall be returned to the consumer as credits on monthly bills for water consumed at the rate of 30 per cent of such monthly bills.

3. Pinedale Water Company may issue and sell at not less than par, on or before February 1, 1925, \$20,000 par value of its common stock. Approximately \$15,000 of the stock or the proceeds received from the sale of such stock may be delivered to the Pinedale Realty Company in payment for the properties described in this application. Stock in the amount of \$300 par value may be issued to applicant's board of directors to qualify them as directors. The proceeds obtained from the issue of such stock shall be used by applicant for working capital. The proceeds obtained from the issue and sale of the remaining stock shall

be used for such purposes as the Railroad Commission will authorize by a supplemental order.

4. Pinedale Water Company shall forthwith undertake the development of an adequate water supply on property owned by it, such development to be undertaken immediately and prosecuted with due diligence in order that a more adequate water supply may be available to applicant's consumers on or before February 1, 1925.

5. Applicant shall submit to this Commission for approval copy of the contract, under the terms of which applicant can obtain water from the Sugar Pine Lumber Company's well, to which reference has been made in the foregoing opinion.

6. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7. The authority herein granted, as far as it relates to the issue of stock and the exercise of rights and privileges granted by Ordinance No. 235, of the board of supervisors of Fresno County, will become effective upon the date hereof.

8. Pinedale Water Company is hereby directed to file with the Railroad Commission for its approval, within thirty days from the date of this order, rules and regulations governing service to its consumers, said rules and regulations to become effective upon their approval and acceptance by the Commission.

Dated at San Francisco, California, this twentieth day of June, 1924.

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DECISION No. 13722.

IN THE MATTER OF THE APPLICATION OF CALIFORNIA TELEPHONE AND LIGHT COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING SAID CALIFORNIA TELEPHONE AND LIGHT COMPANY TO ISSUE, SELL AND DELIVER ITS FIRST MORTGAGE SIX PER CENT GOLD BONDS, MATURING APRIL 1, 1943, TO THE FACE AMOUNT OF TWO HUNDRED THOUSAND DOLLARS.

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Application No. 10092.

Decided June 20, 1924.

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*C. P. Cutten and R. W. DuVal, by R. W. DuVal, for Applicant.*

BY THE COMMISSION.

**OPINION.**

In the above entitled matter the Railroad Commission is asked to make an order authorizing California Telephone and Light Company to issue and sell, at not less than 95 per cent of face value plus accrued

interest, \$200,000 of its first mortgage 6 per cent gold bonds due April 1, 1943, for the purpose of reimbursing the company's treasury and of financing the cost of additions and betterments to its electric and telephone plants and properties.

California Telephone and Light Company is engaged in the business of generating, transmitting, distributing, selling, buying and dealing generally in electricity for light, heat and power, and also of supplying telephone service, operating in the counties of Lake, Mendocino and Sonoma. The company reports that during the period from March 1, 1913, to December 31, 1923, inclusive, it expended the sum of \$904,630.51 for the acquisition of property and for the construction, completion, extension and improvement of its facilities, as set forth in Exhibit "A" attached to the petition. It is reported that \$615,269.01 of the \$904,630.51 was obtained from the sale of the stock and the bonds heretofore authorized by the Commission, leaving a balance of \$289,361.50 which is said to represent the unreimbursed capital expenditures on December 31, 1923. From this balance applicant deducts \$25,000, an amount the Commission, by Decision No. 721, dated June 17, 1913, directed the company to set aside from earnings and use to retire bonds or to invest in additions and betterments, against which no stock, bonds or other evidences of indebtedness might be issued.

Deducting the \$25,000 from the \$289,361.50 leaves the sum of \$264,361.50, which applicant reports was obtained from income and from moneys advanced by Pacific Gas and Electric Company, and not from the sale of stock, bonds, notes or other evidences of indebtedness. The company, therefore, asks permission to use the proceeds from the sale of the \$200,000 of bonds now applied for to reimburse its treasury, in part, on account of the expenditure of the \$264,361.50 for capital purposes. It is of record, however, that such proceeds will be used to pay in part advances made by Pacific Gas and Electric Company, which advances, as of December 31, 1923, are reported as \$209,974.13. In this connection the testimony of E. W. Hodges, applicant's auditor, indicates that \$209,974.13 of the expenditures of \$264,361.50 were paid for with borrowed money and the remainder with earnings of the company. The order herein will authorize the company to use the proceeds from the sale of the bonds to pay indebtedness incurred in making additions and betterments.

California Telephone and Light Company has an authorized capital stock of \$10,000,000, consisting of \$6,000,000 of common stock and \$4,000,000 of 6 per cent cumulative preferred stock. As of April 30, 1924, the company reports outstanding \$764,850 of common and \$550,031.91 of preferred, of which amounts Pacific Gas and Electric Company owns \$760,700 of the common and \$539,911.91 of the preferred. As of the same date it reports \$742,400 of bonds outstanding. These

bonds, as well as the \$200,000 now applied for, are part of an authorized issue of \$5,000,000 of first mortgage bonds, payment of which is secured by a mortgage on applicant's properties, dated April 1, 1913. The bonds bear interest at 6 per cent per annum, are due April 1, 1943, and are callable at 107.5 per cent of face value plus accrued interest on any interest payment date prior to maturity.

#### ORDER.

California Telephone and Light Company having applied to the Railroad Commission for permission to issue and sell \$200,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that California Telephone and Light Company be and it is hereby authorized to issue and sell, at not less than 95 per cent of face value and accrued interest, \$200,000 of its first mortgage 6 per cent bonds, and to use the proceeds, other than accrued interest, to finance in part the cost of additions and betterments made prior to December 31, 1923, and referred to in Exhibit "A," and through such financing pay in part moneys advanced by Pacific Gas and Electric Company and used in making such additions and betterments. The accrued interest may be used for general corporate purposes.

The authority herein granted is subject to further conditions as follows:

1. Only such expenditures, reported in Exhibit "A," as are properly chargeable to capital account as defined by the classifications of accounts prescribed or adopted by the Railroad Commission, shall be financed with proceeds from the sale of the bonds herein authorized.

2. Applicant shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$200. Under such authority no bonds may be issued and sold subsequent to December 31, 1924.

Dated at San Francisco, California, this twentieth day of June, 1924.

## DECISION No. 13723.

IN THE MATTER OF THE APPLICATION OF THE PETALUMA POWER  
AND WATER COMPANY, A CORPORATION, FOR PERMISSION AND  
ORDER TO ISSUE AND SELL ADDITIONAL PREFERRED STOCK.

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Application No. 10095.

Decided June 20, 1924.

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A. B. Hill, for Applicant.

BY THE COMMISSION.

**OPINION.**

In the above entitled matter, Petaluma Power and Water Company asks the Railroad Commission to make an order authorizing it to issue and sell \$15,000 of its 7 per cent preferred stock for the purpose of financing the cost of construction work.

Petaluma Power and Water Company is engaged in the business of supplying water for domestic, manufacturing and municipal purposes in and about the city of Petaluma, Sonoma County. The company reports that on December 30, 1921, it served 1950 consumers; on December 30, 1922, 2050 consumers; and on December 30, 1923, 2216 consumers. The source of supply of water consists of wells and creeks in the vicinity, of which the former are said to be producing about 500,000 gallons daily at present, and the latter from 150,000 gallons to 225,000 gallons daily. According to testimony herein, the amount of storage is about 40,000,000 gallons and the volume of water delivered daily ranges from 700,000 to 1,000,000 gallons.

It is reported in this proceeding that the company, in order to maintain its service and to take care of new consumers, has found it necessary to increase its source of supply and to install additional pipe lines. As shown in Exhibits "A" and "B," attached to the application, the company has expended, or will expend, \$5,990 for wells and pumping equipment, and \$4,649.32 for extensions, making a total of \$10,639.32. The \$5,990, it appears, includes \$1,500 for boring four sixteen-inch wells to a depth of ninety-five feet; \$1,875 for casing; \$1,450 for pump, housing and installation; \$890 for three stage Byron Jackson turbine, and \$275 for fittings and valves and laying pipe and connecting up. The item of \$4,649.32 for extensions consists of \$1,136.52 for approximately 2000 feet of three-inch class "B" cast-iron pipe; \$1,280 for 3200 feet of three-inch steel water pipe; \$245 for 1000 feet of two-inch galvanized pipe; \$480.80 for meters, services and fittings, and \$1,507 for labor.

The company asks permission to sell the \$15,000 of stock at par and to use \$10,639.32 of the proceeds to finance the cost of the construction to which reference is hereinabove made. It further asks permission to

use the remaining proceeds to provide for an additional source of water. In this connection applicant reports that the present supply will be inadequate to meet all the needs of the consumers and that it will be necessary for it to find and develop some additional source of supply. Applicant was not in a position at the hearing, however, to advise the Commission definitely what amount must be expended for this purpose.

The order herein will authorize Petaluma Power and Water Company to use \$10,639.32 of the proceeds for the purposes specified in Exhibits "A" and "B" and for no other. In the event the company desires to use proceeds in addition to the \$10,639.32, or for purposes other than those indicated, it should file a supplemental petition requesting a modification of this order.

#### ORDER.

Petaluma Power and Water Company having applied to the Railroad Commission for permission to issue and sell \$15,000 of preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for thereby is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Petaluma Power and Water Company be and it is hereby authorized to issue and sell, on or before February 28, 1925, at not less than par, \$15,000 of its 7 per cent preferred stock.

The authority herein granted is subject to further conditions, as follows:

1. Applicant may use not exceeding \$10,639.32 of the proceeds received from the sale of the stock herein authorized to finance the cost of the extensions, additions and betterments described in exhibits "A" and "B." The remaining proceeds, and such portion of the \$10,639.32 not needed for the purpose herein specified, may be expended only when authorized by the Commission in subsequent orders.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twentieth day of June, 1924.

## DECISION No. 13731.

IN THE MATTER OF THE APPLICATION OF JAMES B. BURDELL FOR  
AN INCREASE IN RATES FOR THE FURNISHING OF WATER AT  
POINT REYES STATION, MARIN COUNTY.

Application No. 10075.

Decided June 20, 1924.

*James B. Burdell, in propria persona.*  
*George H. Harlan, for Consumers.*

BY THE COMMISSION.

## OPINION.

In this proceeding, James B. Burdell, who owns and operates a water system supplying water for domestic and industrial purposes to consumers in and in the vicinity of Point Reyes Station, Marin County, asks authority to increase rates.

The application alleges in effect that the present minimum rate is too low to yield a proper return on the investment in the system, and requests that the following schedule be authorized:

Flat rate, per month-----	\$2 00
Meter rate—	
Minimum monthly charge for $\frac{1}{8}$ -inch meter-----	1 50
Minimum monthly charge for $\frac{3}{4}$ -inch meter-----	1 75
Minimum monthly charge for 1 -inch meter-----	2 25
Minimum monthly charge for 1 $\frac{1}{4}$ -inch meter-----	2 75
Minimum monthly charge for 1 $\frac{1}{2}$ -inch meter-----	3 25
Minimum monthly charge for 2 -inch meter-----	4 00

Monthly charges for water consumed—

No change in rates is desired except that applicant requests the schedule be based upon measurement in cubic feet instead of in gallons.

The application also sets out revenues and maintenance and operation expense for the first three months of 1924, which indicate a loss of \$288.87.

A public hearing in this proceeding was held before Examiner Geary at Point Reyes Station, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect are as follows:

Flat rates—

House -----	\$1 50 per month
Small cottage -----	1 00 per month

Meter rates—

Minimum -----	1 00 per month
For 5,000 gallons or less-----	40 per 1,000 gallons
For next 10,000 gallons-----	30 per 1,000 gallons
For next 15,000 gallons-----	25 per 1,000 gallons
For next 30,000 gallons-----	20 per 1,000 gallons



The evidence shows that the water is obtained from eight springs located in a canyon at the foot of Black Mountain. The water is collected by about 1000 feet of one- and two-inch pipe and is conveyed by a four-inch transmission main having a length of 10,600 feet to two 20,000-gallon redwood tanks, housed in a frame building. The water is thereafter distributed to the consumers through 19,525 feet of mains varying from two inches to three-fourths inch in diameter.

The evidence also shows that the system had its origin as a private water supply for a dairy ranch at Point Reyes Station. At first nearby homes were furnished water from the excess supply as an accommodation, but as other consumers were added a charge was made for the service. There are now about sixty consumers, of whom all but two are metered.

At the hearing applicant testified that an increase in the minimum charge only was desired, as the larger users were paying a reasonable rate. The annual reports were referred to for statements of earnings and losses for past years, and attention was directed to the fact that no charge had been made for bookkeeping, billing, general office expense or supervision. An allowance in operating expenses was requested to cover these items.

William Stava, one of the Commission's hydraulic engineers, presented a report and appraisal, based on a field and office investigation of the plant, which showed the estimated original cost of the system to be \$13,624, with a depreciation annuity, computed by the sinking fund method, of \$389. The estimated cost included no allowance for land, as the springs are located on land in other ownership and an annual rental of \$420 is paid for the use of the land and the water. The tanks are located on applicant's land but no charge is made against the water system for the use of the tank site.

The report further showed the maintenance and operating expenses as shown by the annual reports filed with the Railroad Commission for six years; the gross and net revenues; the estimated cost of the system; and per cent return earned annually on the estimated investment. The operating revenue for 1923 was \$2,151, with a net revenue of \$978, which is equivalent to a return of 7.8 per cent on \$12,544, the estimated cost of the system in 1923. The average return for six years was 5.2 per cent. However, no allowance was included for bookkeeping, general office expense, and general supervision, which applicant asks to be allowed, and which are items properly chargeable against the consumers. If an allowance of only \$20 per month be made for these items, the rate of return for 1923 is reduced to 5.8 per cent and the six-year average rate of return to 3 per cent.

It was shown that applicant's rates in general are considerably lower than the rates of other utilities operating in the vicinity, and it is

evident that applicant is entitled to an increase in the minimum charges. The rates established in the following order will compare favorably with the rates of other utilities in the vicinity, and will yield sufficient revenue to cover maintenance and operating expense, depreciation annuity and a reasonable return on the capital invested for the service to the public. The basis of measurement will be changed from gallons to cubic feet, as is requested by applicant.

At the hearing complaint was made by four consumers as to service rendered them by applicant's system. These complainants reside on the transmission line, at a point about the same elevation as the tanks, and water can only be obtained in the houses by partially closing a valve in the transmission line and allowing it to back up in the main. As practically the entire capacity of the transmission main is required to furnish the demands of other consumers, this valve must be kept open, with the result that service to complainants' houses is subject to interruption. It was also shown that these houses were built long after the transmission main was installed and that they could have been located much more favorably with regard to a water supply.

As these consumers are above the area that can be supplied advantageously and adequately by gravity, it would be unreasonable to expect applicant to install and operate a pumping plant to supply the very small number of consumers involved. It is therefore suggested that these individuals cooperate and provide themselves with a pump for lifting the water from the transmission main to an auxiliary tank located at sufficient elevation to supply adequate pressures.

#### ORDER.

James B. Burdell having made application for authority to increase the rates for water delivered to consumers at Point Reyes Station, Marin County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by James B. Burdell for water delivered to consumers at Point Reyes Station, Marin County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion:

*It is hereby ordered*, that James B. Burdell be and he is hereby directed to file with this Commission, within twenty (20) days from the date of this order, the following schedule of rates for all water delivered to consumers in Point Reyes Station, Marin County, subsequent to July 15, 1924:

*Monthly Flat Rates.*

House -----	\$2 00
Small cottages -----	1 50

*Monthly Meter Rates.*

From 0 to 700 cubic feet, per 100 cubic feet -----	30
From 700 to 2000 cubic feet, per 100 cubic feet -----	225
From 2000 to 4000 cubic feet, per 100 cubic feet -----	1875
Over 4000 cubic feet, per 100 cubic feet -----	15

*Monthly Minimum Rates.*

For $\frac{1}{2}$ -inch meter -----	1 50
For $\frac{3}{4}$ -inch meter -----	2 50
For 1 -inch meter -----	4 00
For 1 $\frac{1}{2}$ -inch meter -----	8 00
For 2 -inch meter -----	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out above.

*It is hereby further ordered*, that James B. Burdell be and he is hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this twentieth day of June, 1924.

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DECISION No. 13732.

IN THE MATTER OF THE APPLICATION OF OLIVE INVESTMENT COMPANY FOR PERMISSION TO PURCHASE THE WATER SYSTEM OF OLIVE MILLING COMPANY, AND INSTALL ADDITIONAL PUMPING UNIT.

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Application No. 9987.

Decided June 23, 1924.

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K. V. Wolff, for Olive Investment Company.

F. A. Blake, for Olive Milling Company.

BY THE COMMISSION.

**OPINION.**

In this application, as amended at the hearing held before Examiner Geary in Los Angeles, the Railroad Commission is asked to make an order authorizing the transfer of the public utility water properties of Olive Milling Company to Olive Investment Company and the issue of stock and the execution of a mortgage by Olive Investment Company.

The record shows that Olive Milling Company was organized during May, 1887, for the purpose, primarily, of milling flour and grain. It appears that a water system was installed to supply the mill and that this system thereafter, from time to time, was extended to supply water to residents in the town of Olive, no charge being made for such service in the beginning. By Decision No. 9723, dated November 5, 1921

(Volume 20, Opinions and Orders of the Railroad Commission of California, page 805), the Commission fixed the company's rates. In that decision reference is made to a report prepared by Mr. F. H. Van Hoesen, one of the Commission's engineers, in which the original cost of the system was estimated at \$10,558.

The present application and the testimony herein show that on March 1, 1922, Olive Milling Company sold its public utility water properties for \$10,000 in cash to Olive Investment Company. This company is engaged in the business of buying and selling real estate, renting houses and furnishing water for domestic purposes in and about the city of Olive, Orange County. As of December 31, 1923, it reports its assets and liabilities as follows:

<i>Assets.</i>	
Real estate and buildings-----	\$15,378 44
Contracts receivable -----	16,088 45
Water properties -----	20,272 88
Cash -----	2,300 10
Notes receivable -----	1,275 00
Accounts receivable -----	516 63
<b>Total assets -----</b>	<b>\$55,831 50</b>
<i>Liabilities.</i>	
Capital stock -----	\$32,000 00
Advances from system corporations-----	1,076 99
Notes payable -----	6,800 00
Corporate surplus -----	15,954 51
<b>Total liabilities -----</b>	<b>\$55,831 50</b>

Since taking possession of the properties of Olive Milling Company on March 1, 1922, and up to May 1, 1924, it appears that Olive Investment Company has expended \$10,878 for additions to the water system consisting in general of a new well and pump, complete, and service mains. The items going to make up these expenditures are shown in some detail in the Commission's Exhibit No. 1 filed in Application No. 9986, a rate proceeding heard concurrently with this application. As shown in this exhibit, the investment in the water properties as of May 1, 1924, was estimated at \$21,436.

Olive Investment Company was organized during February, 1922, with an authorized capital stock of \$75,000 divided into 7500 shares of the par value of \$10 each. By an order of the Commissioner of Corporations, dated March 28, 1922, it was authorized to sell all of its authorized capital stock, of which, however, only \$32,000 has been issued. In addition to the outstanding stock, as shown in the foregoing balance sheet, applicant reported outstanding on December 31, 1923, notes of \$6,800 which, it appears, are secured by a mortgage in favor of Olive Milling Company which is a lien on properties including certain lots used in the operation of the water system.

The transfer of the water properties and the issue of stock and the execution of the mortgage were not authorized by the Railroad Commission and therefore, we believe, are void under the provisions of the Public Utilities Act. The present application was filed when this fact was brought to the companies' attention. It appears that the officers of applicants were not aware that authority had to be obtained from this Commission and that such transactions were made without such authority through inadvertence and with no intent to evade the provisions of the Public Utilities Act. The Commission has therefore been asked to authorize the transfer of the properties, the issue of the stock and the execution of the mortgage.

The Commission can not ratify transactions which it believes are void under the terms of the Public Utilities Act. It will be necessary for applicant to execute a new instrument of conveyance and issue new stock certificates, the certificates now outstanding to be canceled. Since the hearing the Commission has been advised that the mortgage will not be a lien on any public utility property. Its execution, therefore, need not be authorized by the Commission.

#### ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and the issue of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein;

*It is hereby ordered*, that Olive Milling Company be and it is hereby authorized to sell and transfer the public utility water system to which reference is made in the foregoing opinion, to Olive Investment Company, and Olive Investment Company be and it is hereby authorized to issue not exceeding \$32,000 of stock in full payment for such public utility water properties and other properties and for additions and betterments thereto made prior to May 1, 1924.

The authority herein granted is subject to the following conditions:

1. Within sixty days from the date hereof Olive Investment Company shall file with the Commission a certified copy of the deed conveying the properties to which reference is made in the foregoing opinion, and shall, at the same time, file a verified report as required by the Commission's General Order No. 24, showing the issue and disposition of the \$32,000 of stock.
2. The amount of stock which Olive Investment Company is herein authorized to issue shall not be binding upon this Commission or other

court or public body as a measure of value of the properties for the purpose of fixing rates.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twenty-third day of June, 1924.

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DECISION No. 13734.

IN THE MATTER OF THE APPLICATION OF THE OLIVE INVESTMENT COMPANY FOR ORDER AUTHORIZING INCREASE OF WATER RATES.

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Application No. 9986.

Decided June 23, 1924.

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K. F. Wolff, for Applicant.

By the Commission.

**OPINION.**

Olive Investment Company, engaged in the business of supplying water for domestic purposes to consumers in and in the vicinity of Olive, Orange County, asks authority to increase its rates.

The application alleges that the installation of a new well, pumping plant and mains to provide additional and more adequate service, together with increased operating expenses, has resulted in an insufficient return on the investment. Applicant asks that the minimum charge for water consumed be increased to \$2.50 per month, allowing each consumer 1000 cubic feet of water, together with a rate of 10 cents per 100 cubic feet for all water in excess of 1000 cubic feet.

A hearing in this proceeding was held before Examiner Geary at Los Angeles, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect were established by this Commission in Decision No. 9723 in Application No. 6768, rendered November 7, 1921 (20 C. R. C. 805), and are as follows:

*Monthly Meter Rates.*

For use from 0 to 500 cubic feet, per 100 cubic feet.....	\$0 30
For use from 500 to 1000 cubic feet, per 100 cubic feet.....	25
All in excess of 1000 cubic feet, per 100 cubic feet.....	15

*Monthly Minimum Rates.*

For 1/2-inch meter by 1/2-inch meter.....	1 50
For 3/4-inch meter.....	1 75
For 1-inch meter.....	2 00
For 1 1/4-inch meter.....	2 50
For 2-inch meter.....	3 00

This system was formerly owned and operated by the Olive Milling Company, and was subsequently acquired by the Olive Investment Company, the applicant in the present proceeding.

The testimony shows that applicant has installed a new well and pumping plant to prevent interruption of service caused by breakdown of the old pump. It was further shown that about 7000 feet of new mains had been installed and about sixty additional services connected to the system. The total cost of these installations amounts to \$9,900, which, together with the estimated cost of \$10,558 as found by the Commission in its Decision No. 9723, makes the total investment of \$20,458 in physical property.

Reference was made to the annual reports filed with this Commission for detail of the annual maintenance and operating expenses of the system. It was shown that no charge had been made for bookkeeping, billing and collecting, as applicant operates the water system in connection with other interests and has not in the past made a charge against the water system for this service. It was proposed to charge \$25 per month for these items.

William Stava, one of the Commission's hydraulic engineers, presented a report which showed the estimated original cost of the system, including the additions and betterments installed by applicant, to be \$21,436, with a reasonable depreciation annuity computed by the 6 per cent sinking fund method of \$325. The operating expenses for 1923, including a charge of \$300 for bookkeeping, etc., and \$325 for depreciation, were \$1,800. The revenues for 1923 were \$2,613, the net revenue being \$812. This amount is equivalent to a return of 3.8 per cent on \$21,436, the estimated cost of the system. The increase in the estimated cost of the system as found by Mr. Stava was due to the inclusion by him of certain items of capital expenditure that had been charged to maintenance and operation expense by applicant.

It was also shown that the system was built to serve a subdivided area that is at present sparsely settled, but that the system is capable of supplying the entire area when it is fully developed. For the reason that the system is overbuilt, it would be unfair at this time to burden the present consumers with a rate that would produce a full return on the total investment. However, a careful consideration of the evidence submitted indicates that applicant is entitled to some adjustment in rates, and the rates set out in the following order are designed to produce sufficient revenue to cover maintenance and operation expense, depreciation annuity, and a reasonable return on that portion of the investment which is properly chargeable to the present consumers.

**ORDER.**

Olive Investment Company having made application for authority to increase the rates for water delivered to consumers at Olive, Orange County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Olive Investment Company for water delivered to consumers at Olive, Orange County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

And basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Olive Investment Company be and the same is hereby directed to file with this Commission within twenty (20) days from the date of this order, the following schedule of rates for all water delivered to consumers in Olive, Orange County, subsequent to July 15, 1924:

*Monthly Meter Rates.*

From 0 to 100 cubic feet, per 100 cubic feet-----	\$0 375
From 100 to 1000 cubic feet, per 100 cubic feet-----	25
All over 1000 cubic feet, per 100 cubic feet-----	20

*Monthly Minimum Rates.*

For 2-inch meter-----	1 50
For 3-inch meter-----	2 50
For 1 1/2-inch meter-----	4 00
For 1 1/2-inch meter-----	8 00
For 2-inch meter-----	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out above.

*It is hereby further ordered*, that Olive Investment Company be and the same is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by this Commission.

Dated at San Francisco, California, this twenty-third day of June, 1924.

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DECISION No. 13742.

IN THE MATTER OF THE APPLICATION OF LIVINGSTON TELEPHONE COMPANY, LENTZ AND HARRINGTON, OWNERS, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, AUTHORIZING THE FILING OF RULES AND REGULATIONS RELATING TO SERVICE CONNECTION CHARGES.

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Application No. 10180.

Decided June 26, 1924.

BY THE COMMISSION.

**ORDER.**

WHEREAS, Livingston Telephone Company having filed an application with this Commission requesting authority to file and place in effect certain rules and regulations relative to service installation charges and service connection charges; and

WHEREAS, this Commission found these rules and regulations to be reasonable in its Decision No. 8146 (18 C. R. C. 912), which decision ordered that all telephone utilities operating within the State of California be authorized to file such rules and regulations within thirty (30) days of the date of that order (August 1, 1920); and

WHEREAS, applicant in this proceeding did not file such rules and regulations within the period stated in the decision just referred to, applicant now requests that it be granted authority to file such rules and regulations, and it appearing that other utilities operating under similar conditions have now in effect such rules and regulations, and there appearing no good reason why applicant should not file and place in effect rules and regulations governing installation charges and connection charges, as provided by this Commission in its Decision No. 8146;

*It is hereby ordered*, that Livingston Telephone Company be and it is hereby authorized to file with this Commission the following rules and regulations:

- |  |        |
|--|--------|
| A. Individual and party-line service:  |        |
| Each station .....   | \$3 50 |
| Each extension station .....   | 1 50   |
| Private branch exchange service:   |        |
| Each trunk line to central office .....  | 3 50   |
| Each station except operator sets, initial installation .....  | 3 50   |
| Each additional station installed after initial installation .....   | 1 50   |
| B. For the establishment of service by the use of instrumentalities in place on the subscriber's premises .....  | 1 50   |
| In cases where service is established by use of instrumentalities in place on the subscriber's premises, if at subscriber's request a change is made in the type of location of facilities, the charges for moves and changes are applicable to the change, provided the total charges shall not exceed the charges for the initial establishment of service, as specified in paragraph A. |        |
| C. The service connection charge shall be applicable to all service except farmer line service.  |        |
| D. For restoration of service temporarily disconnected for nonpayment, subscriber's temporary absence, or for any other reason for which the subscriber is responsible except a change in class of service or location of facilities .....   |        |
|  | 1 00   |

Provided, that said rules and regulations be filed with this Commission within thirty (30) days of the date of this order.

Dated at San Francisco, California, this twenty-sixth day of June, 1924.

## DECISION No. 13745.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF BONDS IN THE AMOUNT OF ONE MILLION FIVE HUNDRED THOUSAND DOLLARS.

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Application No. 5624.

Decided June 28, 1924.

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BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

By Decision No. 7505, dated April 30, 1920, the Railroad Commission authorized Los Angeles Gas and Electric Corporation to issue \$1,500,000 of first and refunding mortgage 5 per cent bonds due September 1, 1939, and deposit such bonds to secure the payment of \$1,000,000 of general mortgage and collateral trust 7 per cent bonds due April 1, 1924. The order of the Commission provides that upon the payment of the collateral trust bonds, the first and refunding bonds shall be returned to applicant's treasury and thereafter issued only as authorized by the Railroad Commission.

On May 28, 1924, applicant filed in the above entitled matter a supplemental petition in which it asks permission to use the \$1,500,000 of first and refunding bonds, or any part thereof, for sinking fund payments under its first and refunding mortgage. The testimony submitted at the hearing had before Examiner Fankhauser shows that all of the collateral trust bonds have been paid. In its general and refunding mortgage applicant agrees that it will use the \$1,500,000 of first and refunding bonds solely for the purpose of depositing the same in the sinking fund of its first and refunding mortgage.

The Railroad Commission has considered applicant's request and believes that applicant, Los Angeles Gas and Electric Corporation, should be permitted to use the \$1,500,000 of first and refunding bonds for sinking fund purposes; therefore,

*It is hereby ordered, as follows:*

1. Los Angeles Gas and Electric Corporation is hereby authorized to issue and sell at not less than par \$1,500,000 of its first and refunding mortgage 5 per cent bonds due September 1, 1939, and deposit the proceeds obtained from the sale of such bonds, or the bonds, in the sinking fund created under and pursuant to its trust indenture, dated September 1, 1909, and executed by it to Union Trust Company of San Francisco and Harris Trust and Savings Bank of Chicago.

2. Los Angeles Gas and Electric Corporation shall within thirty days after the issue of any bonds herein authorized file with this Commission a statement showing the serial numbers of the bonds so issued, the pro-

ceeds realized from the sale of the bonds and the purposes for which such proceeds, or bonds, were used.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$1,000.

Dated at San Francisco, California, this twenty-eighth day of June, 1924.

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DECISION No. 13746.

IN THE MATTER OF AN INVESTIGATION ON THE COMMISSION'S OWN MOTION INTO THE CONSTRUCTION AND OPERATION OF CERTAIN ELECTRIC UTILITIES AND THE DISTRIBUTION AND TRANSFER OF ELECTRICITY DURING THE PRESENT EMERGENCY RESULTING FROM ABNORMALLY LOW PRECIPITATION.

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Case No. 2013.

Decided June 28, 1924.

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*J. J. Deuel* and *L. S. Wing*, for California Farm Bureau Federation.  
*William Guthrie*, for the California Portland Cement Company.  
*F. C. Finkle*, for Yucaipa Water Company No. 1; South Mesa Water Company; Western Heights Water Company.  
*R. V. Reppy* and *B. F. Woodard*, for Southern California Edison Company.  
*A. B. Day* and *Paul Overton*, for Los Angeles Gas and Electric Corporation.  
*Murray Bourne*, for San Joaquin Light and Power Corporation.  
*A. B. West* and *F. O. Dolson*, for Southern Sierras Power Company.  
*L. M. Klauber*, for San Diego Consolidated Gas and Electric Company.  
*H. C. Gardett*, *T. A. Panter* and *T. G. Anderson*, for the City of Los Angeles.  
*R. L. Morrow*, for the City of Glendale.  
*Henry B. Goodwin* and *J. E. Parker*, for the City of Azusa.  
*J. E. Parker*, for American Trona Corporation.  
*C. E. McFarland*, for Riverside Portland Cement Company.

**RATES—ELECTRIC—POWER SUPERVISOR.**—The Commission finds that a serious emergency exists with respect to the power supply of the Southern California Edison Company, requiring an immediate reduction of use of approximately 25 per cent, due to the unprecedented drouth conditions, and the absence of water supply for installed hydro-electric plants. The Commission also finds that the institution of a power administration and supervision of the Commission over the power resources and distribution of some of the San Joaquin Light and Power Corporation, Midland Counties Public Service Corporation, Southern California Edison Company, Los Angeles Gas and Electric Corporation, Southern Sierras Power Company, San Diego Consolidated Gas and Electric Company, Ontario Power Company and Ojai Power Company is necessary. H. G. Butler employed to act as power supervisor for that portion of California served directly or indirectly by aforesaid companies. Utilities directed to conduct the operation of their plants in such a manner as to proportion the deficiency ratably over the whole of said period of supervision.

BY THE COMMISSION.

**OPINION.**

The above entitled proceeding was instituted on the Commission's own motion by an order dated the fifth day of June, 1924, directing an investigation of the construction and operation of certain electric utilities serving consumers in the southern half of the state, and calling a

hearing to be held at Los Angeles on June 13, 1924. As indicated in the order instituting the investigation, the proceeding was made necessary by the emergency created by the abnormally low precipitation of the rainy season of 1923-1924.

Pursuant to the order, the hearing was held at Los Angeles on June 13, 1924, and evidence was taken in the shape of oral testimony and statements and exhibits, relative to the respective load demands of the several electric utilities affected, and the resources available to meet such demands. The evidence shows a serious shortage of the total power supply for the remainder of the year 1924 on the system of the Southern California Edison Company and those served by it, and the probability of a shortage on the systems of the San Joaquin Light and Power Corporation and Southern Sierras Power Company. Immediate curtailment of the use of electric energy was found necessary on the system of the Southern California Edison Company and those supplied by it, and needful conservation on the other systems for the protection of the consumers of these systems and the relief of consumers of Southern California Edison Company.

It was agreed between the various power companies and the cities involved that a power supervisor should be appointed by this Commission. Pending formal action by this Commission, Mr. A. V. Guillou, gas and electric engineer of the Railroad Commission, was appointed acting power supervisor to supervise the curtailment and direct the conservation of power.

Following the hearing, a conference was held on June 19, 1924, at which the following resolution was signed by representatives of the various power companies, the city of Los Angeles, and others:

Los Angeles, California, June 19, 1924.

WHEREAS, due to deficient rainfall there is a state-wide shortage of electrical energy, which has become particularly acute in the southern part of the state, and

WHEREAS, it is desirable that the Railroad Commission of the State of California use its good offices in bringing about conservation in the use of such energy,

Now therefore:

We, the undersigned, hereby pledge that we will cooperate to the fullest of our ability, mutually, and with the Railroad Commission, in all matters concerning service and interchange of power between the several companies undersigned.

SOUTHERN CALIFORNIA EDISON CORPORATION,  
By R. H. Ballard, Vice President and Manager.  
LOS ANGELES GAS AND ELECTRIC COMPANY,  
By William Baubhyte, President.  
SOUTHERN SIERRAS POWER COMPANY,  
By A. B. West, President.  
CITY OF LOS ANGELES,  
By W. B. Matthews, Special Counsel.  
SAN JOAQUIN LIGHT AND POWER CORPORATION,  
By A. Emory Wishon.  
CALIFORNIA FARM BUREAU FEDERATION,  
By J. J. Douel.  
LOS ANGELES CHAMBER OF COMMERCE,  
By William Lacey, President.

The evidence in this proceeding indicates definitely the need of an immediate curtailment of the use of electric energy by consumers of the Southern California Edison Company, and of private and municipal electric systems supplied by it, and the reduction of the use of electric energy on other systems interconnected with the Southern California Edison Company to the fullest extent possible.

The evidence further shows that a power shortage existed on the Southern Sierras Power System during the early part of this year, and that a probable shortage will occur during the latter part.

The evidence also shows that through the interconnection of the various systems the utilities and municipal systems are interdependent, and that possibilities exist for a shortage on other than the Edison System, similar to those which have occurred in the past. The power situation in the entire territory served by the utilities subject to this proceeding is such that the problem is one of community and territorial interest rather than primarily one of the interest of individual utilities, and it is the conclusion of this Commission that the situation justifies a consideration of the power situation from the standpoint of the entire territory in the interest of the public in general rather than the interest of the individual utilities.

Relative to the immediate situation of the Southern California Edison System, the Commission finds that a serious emergency exists with respect to the power supply, and that resources available to the Southern California Edison Company to meet normal load requirements during 1924 are insufficient to an extent requiring an immediate reduction of use of approximately 25 per cent; that such deficiency is due to the unprecedented drouth conditions of the present season, and the absence of water supply for installed hydro-electric plants.

The Commission further finds as a fact that the institution of a power administration under a power supervisor, acting under the direction and supervision of the Commission and having supervision over the power resources and distribution of same of the San Joaquin Light and Power Corporation, Midland Counties Public Service Corporation, Southern California Edison Company, Los Angeles Gas and Electric Corporation, Southern Sierras Power Company, San Diego Consolidated Gas and Electric Company, Ontario Power Company, and Ojai Power Company, is necessary.

#### ORDER.

The Railroad Commission having, on its own motion, instituted an investigation into the matter of construction and operation of the following utilities: San Joaquin Light and Power Corporation, Midland Counties Public Service Corporation, Southern California Edison Company, Los Angeles Gas and Electric Corporation, Southern Sierras

Power Company, San Diego Consolidated Gas and Electric Company, Ontario Power Company, and Ojai Power Company; hearing having been had, evidence having been presented, the matter having been submitted and being now ready for decision;

*It is hereby ordered:*

(1) That H. G. Butler be and he is hereby employed to act as power supervisor for that portion of California served directly or indirectly by San Joaquin Light and Power Corporation, Midland Counties Public Service Corporation, Southern California Edison Company, Los Angeles Gas and Electric Corporation, Southern Sierras Power Company, San Diego Consolidated Gas and Electric Company, Ontario Power Company, and Ojai Power Company; and to supervise the distribution of power during the emergency under the direction and upon the authority of the Railroad Commission of California.

(2) That the utilities above named, during the remainder of the year 1924, and until otherwise ordered, shall operate their plants and service in such a manner as may be directed from time to time by the power supervisor.

(3) That the above named utilities shall discontinue the taking on of additional consumers from and after the date of this order, except as authorized by the power supervisor.

(4) That the utilities above named, during the remainder of this year, shall operate their plants in such a manner as to proportion the deficiency heretofore mentioned ratably over the whole of said period, to the end that the best interests of the people as a whole be served by eliminating waste and unnecessary use, thereby conserving so far as possible power for agriculture and productive industry.

(5) That the Commission reserves the right to make such further order or orders in this proceeding as may, from time to time, appear to it just or necessary.

Dated at San Francisco, California, this twenty-eighth day of June, 1924.

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DECISION No. 13747.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY FOR AUTHORITY TO REDUCE SERVICE IN ORDER TO REDUCE ELECTRIC POWER CONSUMPTION.

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Application No. 10221.

Decided June 28, 1924.

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BY THE COMMISSION.

**ORDER.**

Pacific Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order authorizing it to change its passenger

train schedules and to make such reductions of service as may be necessary to reduce its power consumption.

Applicant alleges that it has been served with a notice by the Southern California Edison Company, from which company its entire supply of electric energy for the operation of its railroad is obtained, to at once reduce its consumption of power by an amount of twenty-five (25) per cent; that to so reduce its power consumption will require a reduction of service on the various lines operated by the applicant and a readjustment of schedules; and that to so reduce service and readjust schedules will require adjustments which are now being worked out in detail and which are proposed to be established immediately upon authority being secured therefor.

The Commission is fully advised as to the conditions surrounding the necessity for curtailment of power in the territory served by the applicant, and the necessity for the consequent immediate reduction of service and schedules heretofore operated. In view of the emergency now existing we are of the opinion that this is a matter in which a public hearing is not necessary and that applicant should be authorized to at once proceed with the immediate reduction of service and readjustment of schedules to accomplish the conservation of power which is required, and that such future readjustments be made as may appear necessary after the general program of curtailment and readjustment herein authorized will have been established.

*It is hereby ordered*, that applicant, Pacific Electric Railway Company, be and the same hereby is authorized to at once reduce its passenger train and streetcar service on its various lines, and to readjust and curtail its operating train schedules, until a curtailment of twenty-five (25) per cent of its power consumption will have been obtained, and to continue the operation of reduced and curtailed passenger train and streetcar service until the further order of this Commission. The Commission specifically reserves the right to make such other and further orders in this proceeding as to it may appear just and proper or as may be required by conditions arising from the necessity for present or future power conservation.

Dated at San Francisco, California, this twenty-eighth day of June, 1924.

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DECISION No. 13748.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES RAILWAY CORPORATION TO ADJUST STREET RAILWAY SERVICE ON ACCOUNT OF POWER SHORTAGE.

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Application No. 10223.

Decided June 28, 1924.

BY THE COMMISSION.

**ORDER.**

Los Angeles Railway Corporation, a corporation, has petitioned the Railroad Commission for an order authorizing the reduction and curtailment of its street railway service in the county of Los Angeles, outside the limits of the city of Los Angeles.

Applicant alleges that it has been served with a notice by the Southern California Edison Company, from which company its entire supply of electric energy for the operation of its railroad is obtained, to at once reduce its consumption of power by an amount of twenty-five (25) per cent; that to so reduce its power consumption will require a material reduction of service on its various lines as now operated and a curtailment and readjustment of schedules both within the municipality of Los Angeles and in the territory in the county of Los Angeles served by its lines; that to so readjust schedules and curtail service will require adjustments which are now being worked out in detail and which are proposed to be established and made effective immediately upon authority being secured therefor; that application has already been made to the board of public utilities of the city of Los Angeles for reduction of service and revision of schedules of lines operating entirely within the city of Los Angeles; and that the authority of the Railroad Commission is requested as to the portion of the lines of applicant operated in the county of Los Angeles and outside the municipality of Los Angeles.

The Commission is fully advised as to the conditions surrounding the necessity for curtailment of power consumption in the territory served by the applicant, and the present necessity for the consequent immediate reduction of service and schedules as heretofore operated. In view of the emergency as now existing we are of the opinion that this is a matter in which a public hearing is not necessary and that applicant should be authorized to at once proceed with the immediate reduction of service and readjustment of schedules to accomplish the conservation of power which is required, and that such future readjustments may be made as may appear necessary after the general program of curtailment and readjustment herein authorized will have been established.

*It is hereby ordered*, that applicant, Los Angeles Railway Corporation be and the same hereby is authorized to at once reduce its streetcar service on its various lines operating in Los Angeles County, outside the municipality of the city of Los Angeles, and to readjust and curtail its service, and to continue the operation of such reduced and curtailed streetcar service and schedules until the further order of this Commission.

The Commission specifically reserves the right to make such other and further orders in this proceeding as to it may appear just and proper



or as may be required by conditions arising from the necessity for present or future power conservation.

Dated at San Francisco, California, this twenty-eighth day of June, 1924.

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DECISION No. 13749.

IN THE MATTER OF THE APPLICATION OF THE LOS ANGELES WAREHOUSE COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF A MORTGAGE NOTE AND AN UNSECURED NOTE.

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Application No. 10120.

Decided July 1, 1924.

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*Merle E. Turner*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Los Angeles Warehouse Company, in the above application as amended at the hearing held before Examiner Fankhauser, asks permission to issue \$350,000 secured notes payable on or before five years after date of this order and bearing interest at not to exceed  $6\frac{1}{2}$  per cent per annum, such notes to be issued to refund outstanding indebtedness.

In its original application applicant also asked permission to issue a \$15,000 unsecured note to Fred H. Bixby. The testimony shows that Fred H. Bixby now holds the company's \$15,000 demand note issued to refund a 90-day note. The issue of the \$15,000 note is authorized by the Commission's General Order No. 44. We are therefore of the opinion that such note is valid and its refunding at this time, so far as the provisions of the Public Utilities Act are concerned, is unnecessary.

The record shows that Los Angeles Warehouse Company has issued notes to the Pacific Mutual Life Insurance Company in the principal sum of \$350,000. Inasmuch as such notes are payable at more than one year after date, and their issue not authorized by the Railroad Commission, the notes are void under section 52 of the Public Utilities Act. The Commission can not ratify void notes. It will be necessary for applicant to issue new notes in order to refund the indebtedness payable to the Pacific Mutual Life Insurance Company. These notes may be secured by a mortgage covering all of the company's properties now owned or hereafter acquired. A copy of the mortgage is on file in this proceeding and we find the same to be in satisfactory form. The testimony shows that approximately \$200,000 obtained from the Pacific Mutual Life Insurance Company was used to pay for applicant's new building at San Pedro and Commercial streets, \$55,000 for an addition

to applicant's warehouse No. 1, \$49,000 for real estate and the balance for equipment.

Los Angeles Warehouse Company has an authorized and outstanding capital stock of \$500,000. Its funded debt will consist of the \$350,000 notes which it now asks permission to issue. Its operating revenues for 1923 amount to \$287,981.22. Its operating expenses for the same year are reported at \$219,921.87, leaving net operating revenue of \$68,059.35. The net operating revenues of the company during the past four years have been in excess of the interest charges on \$350,000 of notes.

#### ORDER.

Los Angeles Warehouse Company, having applied to the Railroad Commission for permission to issue \$350,000 of notes, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such notes is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expenses or to income, and that this application should be granted as herein provided; therefore,

*It is hereby ordered*, as follows:

1. Los Angeles Warehouse Company may issue at not less than par on or before October 1, 1924, a note or notes having a face value of not exceeding \$350,000 payable on or before five years after the date of this order and bearing interest at not to exceed  $6\frac{1}{2}$  per cent per annum; such note or notes to be issued for the purpose of paying or refunding the indebtedness payable to the Pacific Mutual Life Insurance Company.

2. Los Angeles Warehouse Company may execute a mortgage substantially in the same form as the mortgage filed in this proceeding, to secure the payment of the \$350,000 of note or notes provided that the authority herein granted to execute said mortgage is for the purpose of this proceeding only and is granted in so far as the Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$350.

4. Los Angeles Warehouse Company shall file with this Commission within thirty days after the issue of the note or notes a copy of the note or notes together with a certified copy of the mortgage securing the payment of such note or notes.

5. The above entitled application, in so far as it relates to the issue of a \$15,000 note to Fred H. Bixby, is hereby dismissed without prejudice.

Dated at San Francisco, California, this first day of July, 1924.

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DECISION No. 13750.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO ISSUE, SELL AND DELIVER ITS COMMON CAPITAL STOCK TO THE PAR VALUE OF FIVE MILLION DOLLARS AND TO USE THE PROCEEDS FROM THE SALE OF SAID COMMON CAPITAL STOCK IN THE MANNER AND FOR THE PURPOSES SET FORTH HEREIN.

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Application No. 10182.

Decided July 1, 1924.

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*C. P. Cullen*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application, as amended at the hearing held before Examiner Fankhauser, Pacific Gas and Electric Company asks permission to issue and sell, at not less than \$92 per share, 50,000 shares of its common capital stock of the aggregate par value of \$5,000,000 and to use the proceeds for the purpose of paying in part the cost of the extensions, additions, betterments and improvements to its facilities and to those of Mount Shasta Power Corporation described in Exhibit No. 2 filed in this proceeding.

Pacific Gas and Electric Company reports that it has an authorized capital stock of \$160,000,000, divided into \$79,900,000 of first preferred stock, \$100,000 of original preferred stock and \$80,000,000 of common stock. As of March 31, 1924, applicant reports outstanding in the hands of the public \$54,453,649.41 of the first preferred stock, \$10,500 of the original preferred stock and \$35,630,831.67 of the common stock; a total of \$90,094,981.08. In addition, the application shows that \$31,696,866.66 of common stock has been issued and is held by San Francisco Gas and Electric Company, a corporation, the stock of which, excepting nineteen shares, in turn, is held by Pacific Gas and Electric Company. The company's bonded indebtedness outstanding in the hands of the public, as of the same date, is reported as \$129,373,100, which amount includes \$86,542,000 of Pacific Gas and Electric Company bonds and \$42,831,100 of bonds of subsidiary companies. In addition to the \$129,373,100 it reports \$34,515,000 of bonds hypothecated, \$10,656,800 of bonds held in sinking funds and \$519,500 alive in the treasury.

Reports filed by the company under General Order No. 65 show the consolidated income account of Pacific Gas and Electric Company and Mount Shasta Power Corporation for the twelve months periods ending March 31st as follows:

## Operating revenues:

Item	1922	1923	1924
Electric -----	\$22,331,207 91	\$23,982,382 96	\$24,405,257 86
Gas -----	12,814,536 70	12,811,109 58	13,832,386 03
Other -----	1,878,066 77	2,112,078 19	2,052,842 25
<b>Totals -----</b>	<b>\$37,023,811 38</b>	<b>\$38,905,570 73</b>	<b>\$40,290,486 14</b>
Operating expenses including depreciation -----	27,296,865 40	26,641,651 19	27,866,318 29
Net operating revenues -----	\$9,726,945 98	\$12,263,919 54	\$12,424,167 85
Nonoperating revenues -----	638,935 78	579,411 36	681,396 88
<b>Balance -----</b>	<b>\$10,365,881 76</b>	<b>\$12,843,330 90</b>	<b>\$13,105,564 73</b>
Interest and fixed charges -----	5,257,193 24	5,801,411 50	6,587,507 78
<b>Balance -----</b>	<b>\$5,108,688 52</b>	<b>\$7,041,919 40</b>	<b>\$6,518,056 95</b>
Miscellaneous adjustments -----	275,191 50	888,050 75*	58,913 31*
Surplus available for dividends -----	\$5,383,880 02	\$6,153,868 65	\$6,459,143 64
Preferred stock dividends -----	2,246,493 90	2,711,683 24	3,169,662 35
<b>Balance -----</b>	<b>\$3,137,386 12</b>	<b>\$3,442,185 41</b>	<b>\$3,289,481 29</b>
Common stock dividends -----	2,389,017 41	2,610,628 72	2,492,374 25
Surplus for year -----	\$748,368 71	\$831,556 69	\$797,107 04

During the last five years, regular 6 per cent dividends have been paid on the first preferred and original preferred stock. Dividends have been paid on the common stock at the rate of 5 per cent during 1919, 1920 and 1921, at the rate of 7½ per cent during 1922 and at the rate of 8¼ per cent during 1923. The dividends during each of the last two years included a 2 per cent stock dividend.

Applicant has filed with the Commission in this proceeding a statement (Exhibit No. 2) in which it reports actual or estimated capital expenditures of \$27,280,293.77, against which the Commission has not authorized the issue of stocks or bonds except as indicated. The amount is arrived at as follows:

Unreimbursed capital expenditures at September 30, 1923, of Pacific Gas and Electric Company and Mount Shasta Power Corporation as per Exhibit "B" of Application No. 9545 -----	\$7,262,793 42
Total construction expenditures from September 30, 1923, to April 30, 1924, of Pacific Gas and Electric Company and Mount Shasta Power Corporation -----	14,151,642 53
Unexpended balance of capital expenditures authorized at April 30, 1924, of Pacific Gas and Electric Company and Mount Shasta Power Corporation -----	23,384,554 87
Estimated cost of routine construction of Pacific Gas and Electric Company for balance of 1924 -----	4,500,000 00
<b>Total -----</b>	<b>\$49,298,990 82</b>

\*Deduction.

8-33193

Less cash and accounts receivable for above capital expenditures at April 30, 1924 —

Proceeds from sales of applicant's first preferred stock as set forth in Application No. 10182-----	\$371,311 95
Proceeds from sale of \$19,500 par value of first preferred stock as per Application No. 10182-----	18,037 50
Proceeds received from sale of property released from mortgage, per Exhibit "F" of Application No. 9545 -----	866,847 60
Proceeds received from sale of \$10,000,000 face amount of first and refunding mortgage 5½ per cent gold bonds of Series "C" authorized by Railroad Commission's Decision No. 12619-----	9,200,000 00
Proceeds received from sale of \$12,500,000 face amount of first and refunding mortgage 5½ per cent gold bonds of Series "C" authorized by Railroad Commission's Decision No. 13417-----	11,562,500 00
Total available funds and accounts-----	22,018,697 05

Actual or estimated expenditures against which the Railroad Commission has not authorized the issue of any stock or bonds----- \$27,280,293 77

#### ORDER.

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$5,000,000 of common stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue and sale, is reasonably required for the purpose or purposes specified herein and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income:

*It is hereby ordered*, that Pacific Gas and Electric Company be, and it is hereby authorized to issue and sell at not less than \$92 per share, on or before June 30, 1925, 50,000 shares of its common capital stock of the aggregate par value of \$5,000,000 and to use the proceeds for the purpose of financing in part the cost of the extensions, additions, betterments and improvements to which reference is made in the foregoing opinion and in Exhibit No. 2 filed in this proceeding.

The authority herein granted is subject to further conditions as follows:

1. The proceeds from the sale of the stock shall be used to finance only such expenditures as are properly chargeable to capital account under the classifications of accounts prescribed or adopted by this Commission.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective on the date hereof.

Dated at San Francisco, California, this first day of July, 1924.

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DECISION No. 13762.

IN THE MATTER OF THE APPLICATION OF COUSINS LAUNCH AND LIGHTER COMPANY FOR CERTIFICATE OF PUBLIC CONVENIENCE TO OPERATE FIVE VESSELS FOR THE TRANSPORTATION OF PERSONS AND PROPERTY FOR COMPENSATION, BETWEEN POINTS UPON THE INLAND WATERS OF THE STATE OF CALIFORNIA.

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Application No. 9969.

Decided July 1, 1924.

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*Puter and Quinn*, by *L. F. Puter*, for Applicant.

*Nelson and Ricks*, by *H. C. Nelson*, for Protestant, Coggeshall Launch and Towboat Company.

MARTIN, *Commissioner*.

OPINION.

This is an application filed under the provisions of subsection (d) of section 50 of the Public Utilities Act, in which Willard W. Cousins, executor of the estate of H. H. Cousins, deceased, applies for a certificate of public convenience and necessity authorizing the operation of five vessels for transportation of persons and property for compensation upon the inland waters of the State of California; that is, various points on Humboldt Bay and waterways tributary thereto. The operations proposed to be conducted under the certificate applied for are not new but are merely a continuation of operations heretofore conducted by H. H. Cousins, deceased.

A public hearing in the above entitled application was had on June 18, 1924, at Eureka, at which time the matter was submitted and is now ready for decision.

For some years last past H. H. Cousins, doing business under the name of Cousins Launch and Lighter Company, has been operating vessels on Humboldt Bay for the transportation of persons and property for compensation in accordance with tariffs legally filed with the Railroad Commission. The present applicant proposes to carry on this business and accordingly has filed the instant application.

The granting of such application was protested by the Coggeshall Launch and Towboat Company, their protest being solely to items contained in the passenger and freight tariffs as heretofore filed by H. H. Cousins, quoting rates on merchandise between Eureka and Reolp, and also one-way, round-trip and commutation rates between the same points. Protestant contended that such items appearing on the

passenger and freight tariffs of the Cousins Launch and Lighter Company did not cover actual operations conducted by said company and that the present certificate if granted should authorize only continuation of such transportation business as was actually carried on by the predecessors of applicant herein. Applicant agreed to eliminate from its exhibits attached to the application, quoting rates for passengers and freight, the items above mentioned with the understanding that it should still have the right to transport stevedores for the purpose of loading or unloading vessels, but that it would not undertake to transport general merchandise or regular employees between Eureka and Rolph. With such understanding the protest of Coggeshall Launch and Towboat Company was withdrawn.

In view of the fact that the present application for a certificate is solely for permission to continue in effect a service rendered for a considerable period last past, we are of the opinion, in view of the amendment to the application as agreed upon at the hearing, that such application should be granted and an order will be entered accordingly.

#### ORDER.

A public hearing having been held in the above entitled matter, evidence submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Willard W. Cousins, executor of the estate of H. H. Cousins, deceased, of vessels for the transportation of persons and property for compensation upon the inland waters of the State of California, namely, points situate on Humboldt Bay and tributaries thereto, Humboldt County, California; and

*It is hereby ordered*, that a certificate of public convenience and necessity be and the same is hereby granted, subject to the following conditions:

1. The certificate herein authorized expressly prohibits the transportation of general merchandise, not including lumber, shakes, shingles or wood, between Eureka and Rolph; and also transportation of persons for compensation between such points, excepting stevedores being transported to or from Eureka and Rolph for the purpose of loading or unloading vessels.

2. Applicant shall file within a period not to exceed ten (10) days from date hereof his written acceptance of the certificate herein granted, which written acceptance shall contain a statement to the effect that applicant fully understands the restrictions as contained in the certificate herein granted and that such restrictions shall be fully complied with.

3. Applicant shall file within a period not to exceed twenty (20) days from date hereof, in duplicate, tariff of rates identical with the tariff of rates as heretofore filed in the name of H. H. Cousins, deceased, with the exception that said tariff of rates shall be amended as hereinabove provided.

4. Operations under the above certificate shall not be abandoned nor discontinued unless a written authorization from the Railroad Commission for such abandonment or discontinuance shall have first been secured.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this first day of July, 1924.

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DECISION No. 13763.

IN THE MATTER OF THE APPLICATION OF THE HOME TELEPHONE COMPANY OF COVINA, A CORPORATION, FOR AN ORDER PERMITTING IT TO AUTHORIZE AND CREATE A BONDED INDEBTEDNESS OF SIX HUNDRED THOUSAND DOLLARS, AND AUTHORIZE THE ISSUE AND SALE OF FIFTY THOUSAND DOLLARS PAR VALUE OF SAID BONDS, AND IN ADDITION THERETO, FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF CAPITAL STOCK OF THE PAR VALUE OF FIFTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS.

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Application No. 10176.

Decided July 1, 1924.

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*Loyd Wright*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Home Telephone Company of Covina asks permission to execute a mortgage or deed of trust to secure the payment of an authorized issue of \$600,000 of bonds and to issue and sell \$65,000 of such bonds and \$57,500 of its common stock. The company asks permission to use the proceeds from the sale of the bonds and stock to pay indebtedness, to reimburse its treasury because of earnings expended for additions and betterments, and pay the cost of further additions and betterments to its general offices and plant equipment.

Applicant has an authorized stock issue of \$200,000, of which \$92,450 was outstanding on April 30, 1924. During the past three years the company has paid 8 per cent dividend on its outstanding stock. The company now has an authorized bonded indebtedness of \$200,000, all of which is outstanding. The bonds are dated July 1, 1913, are due July 1, 1943, and bear interest at the rate of 6 per cent per annum, payable semi-annually. In addition, the company has a note indebtedness of \$75,500.



The assets and liabilities of the company as of April 30, 1924, are reported as follows:

<i>Assets.</i>	
Fixed capital .....	\$406,980 55
Cash in bank .....	1,771 57
Employees working fund .....	200 00
Subscribers rental accounts .....	450 81
Rent and toll suspense .....	161 90
Miscellaneous accounts receivable .....	408 52
Material and supplies .....	25,815 24
Sinking fund assets .....	931 61
Prepaid directory expense .....	751 55
Other prepayments .....	160 00
Unamortized debt discount and expense .....	21,527 81
Total assets .....	\$459,159 56
<i>Liabilities.</i>	
Common stock .....	\$92,450 00
Funded debt .....	200,000 00
Audited vouchers .....	7,588 56
Pay roll .....	1,116 45
Subscribers deposits .....	157 50
Matured interest and dividends unpaid .....	9,711 00
Service billed in advance .....	329 25
Other current liabilities .....	605 50
Bills payable .....	75,500 00
Taxes accrued .....	2,958 56
Interest accrued bonds .....	4,030 00
Interest accrued notes .....	597 38
Reserve for accrued depreciation .....	47,631 47
Reserve amortization intangible capital franchises .....	1,240 00
Insurance and casualty reserve .....	82 82
Surplus invested in sinking fund .....	11,880 00
Corporate surplus .....	1,845 44
Earnings four months (less dividends) .....	1,135 63
Total liabilities .....	\$459,159 56

The testimony of F. H. Wright, the company's secretary, shows that the company usually carries an investment of about \$15,000 in materials and supplies, as compared with an investment of \$25,815.24 on April 30, 1924. The \$25,815.24 includes from \$5,000 to \$6,000 of old equipment and \$5,000 for cables and poles. His testimony further shows that the company has during the past several years appropriated surplus earnings for the purpose of retiring bonds through the operation of the sinking fund under its mortgage or deed of trust, but, instead of applying the moneys to the payment of bonds, used such moneys to pay the cost of additions and betterments. We question such practice for the reason that it is in violation of the provisions of the company's mortgage securing the payment of its bonds. The Commission will not authorize the issue of additional bonds until it is furnished with satisfactory information showing that the company has complied with the sinking fund provision of its existing mortgage or deed of trust. Mr. Wright's testimony further shows that as of April 30, 1920, there were declared, but unpaid, dividends amounting to \$9,711. This money,

the record shows, likewise represents earnings invested in applicant's property.

The stockholders of the Home Telephone Company of Covina have voted to increase the authorized bonded indebtedness of the company from \$200,000 to \$600,000. Bonds in the amount of \$200,000 are to be reserved to refund the bonds now outstanding. The company has submitted a copy of its proposed mortgage or deed of trust, but such mortgage or deed of trust is not satisfactory in form. It will be necessary for applicant to submit a revised copy of its proposed mortgage or deed of trust. Upon the receipt of a copy of a mortgage or deed of trust in form satisfactory to the Commission, together with a statement showing that the company has complied with the sinking fund and other provisions of its existing mortgage or deed of trust, a supplemental order will be entered authorizing the issue of \$65,000 of bonds and the execution of a mortgage or deed of trust to secure the payment of the bonds.

It is of record that because of the large amount of money that will be expended during the next few years in applicant's territory for flood control purposes, it is necessary for applicant to provide itself with means to pay its current debt and to finance additions and betterments. It is for these purposes that it asks permission to issue stock and bonds. The order will provide that the stock shall be sold by applicant for not less than par and that \$20,000 of the proceeds may be used to reimburse applicant's treasury because of earnings expended for additions and betterments. The balance of the proceeds shall be used to pay notes, or pay for such additions and betterments as may be authorized by supplemental order.

#### ORDER.

The Home Telephone Company of Covina having applied to the Railroad Commission for permission to issue stock and bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the stock herein authorized, is reasonably required by applicant and that this application should at this time be granted in so far as it relates to the issue of \$57,500 of stock;

*It is hereby ordered, as follows:*

1. The Home Telephone Company of Covina may issue and sell at not less than par on or before February 1, 1925, \$57,500 of its common capital stock and expend the proceeds for the following purposes:

a. The amount of \$20,000 may be used to reimburse applicant's treasury because of earnings expended for additions and betterments.

b. The remaining proceeds shall be used to pay notes payable referred to in this application or expended for such other purposes as the Railroad Commission will authorize by its supplemental order or orders.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds and stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this first day of July, 1924.

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Decision No. 13775.

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED FURNITURE MOVING CORPORATION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRANSPORTATION COMPANY FOR THE TRANSPORTING OF HOUSEHOLD GOODS, OFFICE FURNITURE AND EQUIPMENT, AND PERSONAL EFFECTS, BETWEEN SAN FRANCISCO AND SACRAMENTO, AND INTERMEDIATE POINTS, VIA STOCKTON.

Application No. 9673.

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED FURNITURE MOVING CORPORATION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRANSPORTATION COMPANY FOR THE TRANSPORTATION OF HOUSEHOLD GOODS, OFFICE FURNITURE AND EQUIPMENT, AND PERSONAL EFFECTS, BETWEEN SAN FRANCISCO AND SACRAMENTO, AND INTERMEDIATE POINTS, VIA VALLEJO.

Application No. 9674.

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED FURNITURE MOVING CORPORATION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRANSPORTATION COMPANY FOR THE TRANSPORTING OF HOUSEHOLD GOODS, OFFICE FURNITURE AND EQUIPMENT, AND PERSONAL EFFECTS BETWEEN SAN FRANCISCO AND SAN JOSE, CALIFORNIA, AND INTERMEDIATE POINTS.

Application No. 9675.

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED FURNITURE MOVING CORPORATION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRANSPORTATION COMPANY FOR THE TRANSPORTING OF HOUSEHOLD GOODS, OFFICE FURNITURE AND EQUIPMENT, AND PERSONAL EFFECTS BETWEEN SAN FRANCISCO AND SANTA ROSA, CALIFORNIA, AND INTERMEDIATE POINTS.

Application No. 9676.

IN THE MATTER OF THE APPLICATION OF SARAH S. BURGER, DOING BUSINESS UNDER THE FICTITIOUS FIRM NAME AND STYLE OF "LIBERTY TRANSFER AND STORAGE COMPANY," FOR HERSELF

AND FOR SAID LIBERTY TRANSFER AND STORAGE COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRANSPORTATION SERVICE BY MOTOR TRUCK OF AND FOR HOUSEHOLD GOODS, FURNITURE, PIANOS, PERSONAL EFFECTS, OFFICE FURNITURE, EQUIPMENT AND RECORDS, BETWEEN SACRAMENTO AND DAVIS, DIXON, VACAVILLE, FAIRFIELD, SUISUN, CORDELIA, VALLEJO, CROCKETT, RODEO, PINOLE, SAN PABLO, RICHMOND, BERKELEY, OAKLAND, ALAMEDA AND SAN FRANCISCO AND INTERMEDIATE POINTS, AND RETURNING BETWEEN SAN FRANCISCO, ALAMEDA, OAKLAND, BERKELEY, RICHMOND, SAN PABLO, PINOLE, RODEO, CROCKETT, VALLEJO, CORDELIA, SUISUN, FAIRFIELD, VACAVILLE, DIXON, DAVIS AND SACRAMENTO AND INTERMEDIATE POINTS, ELIMINATING INTERMEDIATE BUSINESS, HOWEVER, BETWEEN BERKELEY, OAKLAND, ALAMEDA AND SAN FRANCISCO.

Application No. 9727.

IN THE MATTER OF THE APPLICATION OF MILO W. BEKINS, FLOYD R. BEKINS, REED J. BEKINS AND R. M. B. HOLT, PARTNERS IN BUSINESS UNDER THE NAME BEKINS FIREPROOF STORAGE FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE TRUCK SERVICE FOR THE TRANSPORTATION OF HOUSEHOLD GOODS BETWEEN

1. SAN FRANCISCO AND OAKLAND-BERKELEY AND ALAMEDA.
2. SAN FRANCISCO-OAKLAND AND SACRAMENTO AND INTERMEDIATE POINTS VIA VALLEJO.
3. SAN FRANCISCO-OAKLAND AND SANTA ROSA AND INTERMEDIATE POINTS VIA SAUSALITO.

Application No. 9730.

Decided July 3, 1924.

*Harry A. Encell*, for Consolidated Furniture Moving Corporation, as applicant, and as Protestant in Application No. 9727.

*Richard T. Eddy*, for Applicant Bekins Fireproof Storage; Protestant in Application No. 9727.

*J. W. S. Butler*, for Applicant in Application No. 9727.

*Gwyn H. Baker*, for Draymen's Association of Alameda County, Stockton Transfer Company, Dawson Fireproof Storage, et al., Protestants.

*F. W. Mielke*, for Southern Pacific Company and Western Pacific Railroad Company, Protestants.

*B. Levy and Platt Kent* for The Atchison, Topeka and Santa Fe Railway Company, Protestant.

*Jesse H. Steinhart and J. J. Goldberg*, for San Francisco-Sacramento Railroad Company, Protestant.

*E. E. Miller*, for Sacramento-Galt Truck Line and Sacramento-Davis-Woodland Truck Line, Protestants.

SHORE, *Commissioner*.

OPINION.

This is a proceeding in which applications from three companies, Bekins Fireproof Storage, Consolidated Furniture Moving Corporation and Liberty Transfer and Storage Company, are under consideration for the granting of certificates of public convenience and necessity for the transportation by automotive trucks of household goods and personal effects, office furniture and equipment, between San Francisco and certain other termini and over the routes hereinafter mentioned.

A public hearing was held in San Francisco on February 11, 13 and 14, 1924, and the matters having been duly submitted and briefs filed, are now ready for decision.

Application No. 9730, as amended, of Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, partners in business under the name of Bekins Fireproof Storage, asks for a certificate of public convenience and necessity to operate an automotive truck service for the transportation of household goods, pianos, trunks, baggage and other personal property, office furniture and equipment, between the points named and over the following routes and within a thirty-mile radius thereof:

*Route 1.*—Between San Francisco, Oakland, Berkeley, Alameda, Piedmont and Emeryville.

*Route 2.*—Between San Francisco, Oakland and Sacramento and intermediate points via Vallejo.

*Route 3.*—Between San Francisco and Santa Rosa and intermediate points via Sausalito.

Bekins Fireproof Storage proposes to operate in this service the following equipment now owned and operated by it, namely: 14 trucks, vans and trailers assigned to the San Francisco office and 12 trucks, vans and trailers assigned to the Oakland office. This company owns and operates a total equipment of 64 furniture trucks, vans and trailers, including those assigned to the Los Angeles and Fresno offices, and if at any time the service over the routes herein specified should require additional equipment this can be provided from either the Los Angeles or Fresno offices or by the purchase of such new equipment as may be necessary to meet the demand. Milo W. Bekins testified that the total value of the assets of Bekins Fireproof Storage amounts to something over \$1,800,000; that it owns large warehouses in San Francisco and Oakland as well as in Los Angeles and Fresno, and that it holds itself ready to meet all public demand for the transportation of household goods between the points named.

Bekins Fireproof Storage based its application for a certificate of public convenience and necessity largely upon the public demand for its services as indicated in the actual operations conducted by it and its predecessor, Bekins Van and Storage Company, during the seven or eight years previous.

Milo Bekins filed a series of exhibits showing the operations of his firm in the hauling of household goods over the various routes involved in this application covering two periods; the first period being the last two months of 1916 and the first four months of 1917, and the second period being January to October, inclusive, in 1923. Exhibit No. 3 showed 21 truckloads hauled between Oakland, San Francisco and

Sacramento and 28 truckloads hauled to way points in the above period of 1916-17. Exhibit No. 4 showed 103 truckloads from San Francisco and Oakland to Sacramento and 142 truckloads to way points in the period of 1923.

Exhibit No. 9 showed 263 truckloads hauled between San Francisco and Oakland in the period 1916-17. Exhibits Nos. 10 and 11 showed that 1849 truckloads were hauled between San Francisco and Oakland in the period of 1923. Exhibit No. 6 showed that 4 truckloads were hauled between San Francisco and Santa Rosa and 32 truckloads to way points; 5 truckloads between Oakland and Santa Rosa and 3 truckloads to way points in the period of 1916-17. Exhibit No. 7 showed 20 truckloads were hauled between San Francisco and Oakland and Santa Rosa, and 115 truckloads to way points in the period of 1923. This applicant proposes a minimum of one round trip each week over Routes Nos. 2 and 3, and three round trips each week over Route No. 1.

Applications Nos. 9673, 9674, 9675 and 9676, of Consolidated Furniture Moving Corporation, ask for certificates of public convenience and necessity to operate a transportation company for the transportation of household goods, office furniture and equipment and personal effects between the points named and over the following routes and including points within twenty-five miles on each side of the highways traversed on these routes:

Application No. 9673, between San Francisco and Sacramento and intermediate points via Stockton.

Application No. 9674, between San Francisco and Sacramento and intermediate points via Vallejo.

Application No. 9675, between San Francisco and San Jose and intermediate points.

Application No. 9676, between San Francisco and Santa Rosa and intermediate points via Sausalito.

Consolidated Furniture Moving Corporation is a corporation newly organized for the purpose of conducting the operations herein proposed. The officers are men experienced in the transportation of household goods. One of them, Harry Gorman, is connected with the California Highway Express, now operating under authority of the Railroad Commission, and the other three are connected with city transfer companies in the city of San Francisco. These officers include Eli Schumacher, president; James Coughlin, vice president; Harry Gorman, secretary, and Gus Temps, treasurer.

These men testified that each of them is prepared to put up \$5,000 at once as an initial payment in the financing of the business of this corporation. They propose to purchase four covered vans of the most

approved type and pending the securing of this new equipment they claim to have arranged for the leasing of vans now operated by other owners in the city of San Francisco.

Consolidated Furniture Moving Corporation based its application for certificate of public convenience and necessity upon the testimony offered by certain witnesses from San Francisco, Sacramento, Stockton, Santa Rosa and San Jose, all of whom are men actively engaged in the moving of furniture within the cities in which they reside. These witnesses based their evidence in support of public convenience and necessity for the proposed operations upon inquiries made by the public at their respective offices in these cities and also upon a volume of business actually done by them in the hauling of household goods over the routes named in these applications. This applicant proposes to operate a minimum of one round trip per week over each of the above mentioned routes.

Application No. 9727, of Sarah S. Burger, doing business under the name of Liberty Transfer and Storage Company, asks for a certificate of public convenience and necessity to operate a transportation service by motor truck for household goods, furniture, pianos, personal effects, office furniture and equipment and records between the points named and over the following routes, namely:

Sacramento and Davis, Dixon, Vacaville, Fairfield, Suisun, Cordelia, Vallejo, Crockett, Rodeo, Pinole, San Pablo, Richmond, Berkeley, Oakland, Alameda and San Francisco and intermediate points; returning between the same points, eliminating, however, intermediate business between Berkeley, Oakland, Alameda and San Francisco.

Liberty Transfer and Storage Company, owned by Sarah S. Burger, is operated under the joint management of applicant and her husband, Arthur I. Burger, who testified on behalf of applicant. This applicant claims to have operated a transportation service between the points named continuously from April, 1917, to the present date and states that since the year 1919 it has been conducting an average weekly run of from three to four shipments between said points and has advertised said regular run as a continuing business. It developed in the hearing, however, that while the business may have been conducted since early in 1917 in the name of Liberty Transfer and Storage Company, it was at first owned and operated by one Jerome Starkey, who took Arthur I. Burger into partnership some time in 1918, and later Starkey's interest was purchased by Arthur I. Burger, who in turn transferred his entire interest in 1922 to his wife, Sarah S. Burger, continuing to act since that date as manager of the business. This company owns and operates a storage warehouse in Sacramento and has leased for five years an additional warehouse and distributing and consolidating depot, now

under construction. This applicant has listed in its Exhibit "C" three covered vans of two, two and one-half and three and one-half tons capacity; three open trucks, one of two-tons, another of one-ton capacity and the third a small Ford truck. Applicant offers to make available for use in the proposed service as much of this equipment as may be required, the remainder being used in local transfer and house moving operations in Sacramento. A sworn statement by Sarah S. Burger filed with the Commission shows equipment valued at \$13,625 and total assets amounting to \$27,237, with total liabilities amounting to \$6,630, or a net worth of \$20,607. M. N. Bakulich testified that he was prepared and willing to invest \$10,000 within six months in the business of the Liberty Transfer and Storage Company in the event of a certificate being granted.

Arthur I. Burger testified that the Liberty Transfer and Storage Company under his ownership had hauled household goods over the route proposed to the amount of 291,404 pounds in the year 1921, including 97,239 pounds between San Francisco and Sacramento; 72,610 pounds between Sacramento and Oakland; 44,467 pounds between Sacramento and Alameda, and 39,222 pounds between Sacramento and Berkeley. He did not have the figures of the company for the operations in 1922 and 1923 but estimated that there was an increase in the tonnage hauled in 1922 of 25 per cent over that hauled in 1921 and an increase of 50 per cent in 1923 over that hauled in 1921, or a total of about 450,000 pounds in 1923. He referred also the record in the application of the Draymen's Transportation Association, Decision No. 11824, which was admitted into the record of this proceeding as to the tonnage of household goods hauled to and from Sacramento, and he stated that according to that record three of the larger Sacramento hauling concerns hauled 749,860 pounds of household goods in 1921 between Sacramento and San Francisco and intermediate points.

Reviewing these applications, the testimony given and the exhibits filed in respect to rates and time schedules, the following is a brief résumé of the respective offers made according to the various routes proposed:

*San Francisco to Sacramento via Vallejo.*

All three applicants ask for certificates of public convenience and necessity to operate over this route.

Bekins Fireproof Storage proposes a minimum of one round trip per week, with a right to serve all intermediate points and also points within thirty miles on either side of the main highway and thirty miles beyond terminal points. This applicant's rate from San Francisco to Sacramento is \$2.10 per hundred and from Oakland to Sacramento \$2



per hundred, with proportionately lower rates for the various intermediate points.

Consolidated Furniture Moving Corporation proposes to operate a minimum of one round trip per week, with the right to pick up and deliver at points within twenty-five miles on either side of the main highway and twenty-five miles beyond terminal points. This applicant proposes to charge a rate of \$2.15 per hundred from San Francisco to Sacramento and \$1.90 per hundred from Oakland to Sacramento, with proportionately lower rates to intermediate points.

Liberty Transfer and Storage Company proposes to operate a minimum of three round trips per week and to pick up and deliver within a radius of ten miles on either side of the main highway. In its amended application this applicant submitted a rate of \$1.90 per hundred from San Francisco to Sacramento and \$1.70 per hundred from Oakland to Sacramento, with proportionately lower rates to intermediate points. These rates, however, were offered on the basis of applicant securing an exclusive right to transport furniture between the termini named. Applicant stated that in the event of another company being authorized to transport furniture over this route it would be obliged to file rates of \$2.14 per hundred from San Francisco to Sacramento and \$1.93 per hundred from Oakland to Sacramento.

These applications were protested by the Southern Pacific Company and the Western Pacific Railroad Company, which however submitted no evidence other than their tariff schedules in support of their protests. It is a recognized fact that railroads will not accept furniture nor household goods for transportation unless properly crated, and while the railroad rates are lower than the proposed motor truck rates, the additional cost of crating and uncrating and of the trucking from residence to warehouse and from warehouse to residence increases the total cost by railroad transportation to shippers of household goods to a figure materially higher than the cost of motor truck transportation. It is further claimed that transportation of household goods by motor truck from point of origin to destination can be effected more promptly than when handled by trucks and railroad combined.

*San Francisco to Sacramento via Stockton.*

Consolidated Furniture Moving Corporation is the only applicant asking for certificate to operate over this route. This applicant proposes to operate a minimum of one round trip per week on this route, asking for the right to pick up and deliver to points within twenty-five miles on either side of the main highway. Applicant proposes a rate from San Francisco to Stockton of \$1.92 per hundred; from San Francisco to Elk Grove of \$2.41 per hundred; from Sacramento to Stockton of \$1.10 per hundred and to Hayward of \$2.15 per hundred; rates

between the termini of Sacramento and Oakland and San Francisco to be identical with the rates proposed between these termini over the Vallejo route, which is the route proposed to be used generally in the movement of shipments between the termini of Sacramento and Oakland and San Francisco.

*San Francisco to Santa Rosa.*

Bekins Fireproof Storage and Consolidated Furniture Moving Corporation are both applicants for certificates of public convenience and necessity to operate over this route. Bekins Fireproof Storage proposes to operate a minimum of one round trip per week and to charge a rate of \$1.20 per hundred from San Francisco to Petaluma; \$1.50 from San Francisco to Santa Rosa, and to serve the territory within a radius of thirty miles from the main route with proportionate rates.

Consolidated Furniture Moving Corporation proposes to operate a minimum of one round trip per week, serving territory within a radius of twenty-five miles on each side of the main route and charging a rate from San Francisco to Petaluma of \$1.12 per hundred and to Santa Rosa of \$1.47 per hundred.

There is no truck line authorized to transport property for compensation between San Francisco and points north of San Rafael to and including Santa Rosa, with the exception of one line whose traffic is limited to shipments not to exceed 60 pounds each in weight, which accordingly would not be affected by the proposed operation. Referring to protestants operating between San Rafael and intermediate points, one of these protestants does not operate trucks into San Francisco but operates a small boat from Pier No. 9 in San Francisco to San Rafael and trucks from San Rafael to Sausalito. Another protestant operates a regular daily service between San Francisco, Sausalito, San Rafael and intermediate points and handles considerable tonnage of furniture and household goods. This carrier, however, transports all other classes of freight and does not operate closed vans or trucks especially equipped for the transportation of uncrated household goods.

*San Francisco to San Jose.*

Bekins Fireproof Storage and Consolidated Furniture Moving Corporation filed applications for certificates to operate over this route. Bekins Fireproof Storage, however, amended its application at the hearing by withdrawing that portion referring to operation between San Francisco and San Jose, in view of the fact that under its existing operative right between San Francisco and Los Angeles it already claims authorization to serve this territory.

Consolidated Furniture Moving Corporation proposes to operate a minimum of one round trip per week over this route and also to serve

territory within a radius of twenty-five miles on each side of the main highway. This applicant proposes to charge a rate of \$1.18 per hundred from San Francisco to San Jose and 91 cents per hundred from San Francisco to Palo Alto, with proportionate rates to intermediate points.

There are three other authorized truck companies operating daily service between San Francisco and San Jose, which, however, did not appear in protest against the granting of this application, due perhaps to the fact that they engage chiefly in the transportation of general freight, which is not satisfactorily handled in conjunction with uncrated furniture.

*San Francisco to East Bay Points.*

Bekins Fireproof Storage is the only applicant for certificate over this route. This applicant proposes to operate a minimum of three round trips per week, charging rates of 75 cents, 80 cents and 85 cents per hundred, depending upon the zones to which shipments are to be moved. This route includes San Francisco, Oakland, Berkeley, Alameda, Piedmont and Emeryville.

This application was protested by a number of authorized carriers engaged in the transportation of all classes of commodities between San Francisco and East Bay points. The evidence showed, however, that these protestants are principally engaged in the transportation of general freight. People's Express handles van loads of household goods on an average of three times per week and also handles a considerable amount of trunks and other baggage. United Transfer Company handles a considerable quantity of household goods. The testimony of both of these protestants was to the effect that Bekins Fireproof Storage handles a larger volume of household goods between San Francisco and East Bay points than any other trucking concern in that territory.

In the hearing of these applications it developed that a large volume of tonnage in furniture, household goods and personal effects is hauled over the routes mentioned, by operators not holding certificates of public convenience and necessity from the Railroad Commission. Eli Schumacher, testifying on behalf of Consolidated Furniture Moving Corporation, stated that about 70 members of the Transfer and Storage Association of San Francisco are now making out-of-town trips hauling these commodities, Gwyn H. Baker, appearing as counsel for protestant, The Draymen's Association of Alameda County, and for other protestants against these applications, stated that he was prepared to show that at least 99 concerns with a total of 269 trucks are now operating out of East Bay cities hauling these commodities.

Mr. Baker filed a brief in general protest against these applications, his contention being that public convenience and necessity is already

adequately provided for by the existing facilities of concerns now operating "irregularly" in the hauling of these commodities.

The evidence is clear that Bekins Fireproof Storage and the Liberty Transfer and Storage Company have been operating with a degree of regularity, and have been so holding out their services to the public, that their operations over the routes and between the termini mentioned, are established as those of transportation companies, and as such are subject to the jurisdiction of the Railroad Commission. The evidence in this proceeding shows a substantial public demand for their operations and that this demand has existed for years, which justifies the granting of certificates of public convenience and necessity for their proposed operations, irrespective of any irregular operations by unauthorized carriers.

While Consolidated Furniture Moving Corporation has not been operating in the past, and therefore its proposed operations may be considered as in competition with certain irregular operations referred to by Counsel Baker, as well as in competition with the regular operations of the other two applicants mentioned in above preceding paragraph, the evidence in this proceeding includes substantial affirmative testimony by transfer agents in each of the cities mentioned as termini, showing a demand on behalf of public convenience and necessity for their proposed operations.

Moreover the statement was made by Counsel Baker that probably some of the operators, on whose behalf he protested the applications herein, might be shown to be operating "regularly" over these routes if all the facts were in evidence. Certainly these regular operators, not possessing certificates from the Commission and not having so operated prior to May 1, 1917, and continuously thereafter and having filed no tariff schedules covering such operations with the Commission, can not reasonably claim protection on the ground of counsel's contention as to inherent legal rights of irregular operators. There is accordingly a certain volume of business heretofore handled in such "regular" operations by unauthorized carriers that should be taken care of under regulation by the Commission and handled by transportation companies holding certificates of public convenience and necessity from the Commission. Furthermore, the evidence shows that there is a large volume of operations now conducted irregularly or otherwise by concerns in San Francisco on whose behalf Counsel Baker did not appear in protest.

It would therefore appear that the granting of certificates of public convenience and necessity to applicants herein may be determined outside of the question of any possible inherent legal operative rights of the irregular operators referred to by Counsel Baker and that their irregular operations can not be considered reasonably as a sufficient

ground for the Commission failing or refusing to authorize regular operations in accordance with the requirements of public convenience and necessity.

The very contention of Counsel Baker that there is a large volume of business conducted over these routes shows that public convenience and necessity for this transportation exists.

In granting the certificates provided for herein, the Commission has in mind the fact that the hauling of furniture, household goods and personal effects constitutes a form of transportation different in some respects from the transportation of general freight handled commercially. The private ownership of household goods and the personal intimacy which many articles may have toward the owner regardless of cost or commercial value, together with the breakable character and irreplaceable nature of some of the goods to be moved, justify the Commission in exercising more than ordinary latitude in the granting of certificates of public convenience and necessity for this class of operation, thus giving the public a choice of services, provided, however, that the responsibility and equipment of the operator in every case is thoroughly satisfactory.

The testimony in this proceeding reveals a considerable volume of business to be handled over the routes mentioned and clearly shows the desirability of adequate equipment being conveniently available in several of the larger cities mentioned.

The three applicants herein propose to operate covered furniture vans properly equipped for the protection of uncrated and miscellaneous household goods, and are experienced in the moving of furniture, household goods and personal effects. Two of the applicants have operated for years over the routes mentioned and have held out their services to the public in good faith believing that their operations were lawfully conducted, and the public has shown a demand for their services. The third applicant is a new corporation owning no equipment, but proposing to purchase first class equipment for these operations, and claiming to be ready to invest a minimum of \$20,000 capital to begin operations, and all of its members are experienced in this class of work.

We accordingly hereby find as a fact that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation, a corporation, of an automotive truck line as a common carrier of household goods, furniture, pianos and similar personal effects, including trunks and baggage, between the following termini:

1. Between San Francisco, Oakland and Sacramento via Vallejo.
2. Between San Francisco, Oakland and Sacramento via Tracy and Stockton.
3. Between San Francisco and Santa Rosa via Sausalito and San Rafael.

4. Between San Francisco and San Jose via San Mateo and Palo Alto.

All routes to include each and all intermediate points and territory extending laterally for a distance of twenty-five miles on either side of the highways traversed.

We hereby further find as a fact that public convenience and necessity require the operation by Sarah S. Burger of an automotive truck line as a common carrier of household goods, furniture, pianos and similar personal effects, including trunks and baggage, between San Francisco, Oakland and Sacramento and intermediate points via Vallejo, including territory laterally on either side of the highway for a distance of ten miles.

We hereby further find as a fact that public convenience and necessity require the operation by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, partners in business under the name Bekins Fireproof Storage, of an automotive truck line as a common carrier of household goods, furniture, pianos and other personal effects, including trunks and baggage, between San Francisco, Oakland and Sacramento via Vallejo; between San Francisco and Santa Rosa via Sausalito and San Rafael, including territory laterally on either side of the highways traversed and beyond the terminals named for a distance of 30 miles; and also operation of automotive trucks for the transportation of the commodities hereinabove named between San Francisco and East Bay cities, including Oakland, Berkeley, Alameda, Piedmont and Emeryville.

Inasmuch as the rates proposed by the respective applicants are very similar with respect to identical operation over the same routes for the handling of the same commodities, it is deemed proper in the present instance to establish a uniform rate in the competitive territory. The order will so provide. The order will further provide that the Consolidated Furniture Moving Corporation, which does not at the present time own any equipment in its own name, shall file with this Commission a verified statement made by its secretary to the effect that the sum of \$20,000 has been paid into the treasury of applicant corporation or a like amount has been invested by said corporation in equipment to be used in the proposed service, before the certificate granted to said Consolidated Furniture Moving Corporation shall become effective.

I herewith submit the following form of order:

**ORDER.**

Public hearings having been held in the above entitled applications, evidence submitted, the Commission being fully advised and basing its order on the statements contained in the opinion preceding this order, together with the findings of fact as therein contained:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation, a corporation; Sarah S. Burger, doing business under the name of Liberty Transfer and Storage Company; and Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, partners in business under the name Bekins Fireproof Storage, of automotive truck lines for the common carriage of household goods, furniture, pianos and other personal effects, including trunks and baggage, between San Francisco, Oakland, and Sacramento and intermediate points via Vallejo.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation, a corporation, of an automotive truck line for the common carriage of commodities as set forth in the above declaration between San Francisco, Oakland and Sacramento and intermediate points via Tracy, Stockton and Lodi.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation, a corporation, and by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, partners in business under the name Bekins Fireproof Storage, of automotive truck lines for the common carriage of commodities as set forth in the first declaration herein between San Francisco, Santa Rosa and intermediate points, via Sausalito, San Rafael and Petaluma.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation, a corporation, of an automotive truck line for the transportation of commodities as set forth in the first declaration herein between San Francisco, San Jose and intermediate points via San Mateo and Palo Alto.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Milo W. Bekins, Floyd R. Bekins, Reed J. Bekins and R. M. B. Holt, partners in business under the name Bekins Fireproof Storage, of an automotive truck line for the transportation of commodities as set forth in the first declaration herein between San Francisco, Oakland, Berkeley, Alameda, Piedmont and Emeryville; and

*It is hereby ordered*, that certificates of public convenience and necessity be and the same hereby are granted, subject to the following conditions:

1. Said certificates granted to the Consolidated Furniture Moving Corporation, a corporation, shall include the right to transport commodities herein authorized to be carried for compensation to points laterally over each and all of the routes hereinabove mentioned for a

distance not to exceed twenty-five miles on either side of the main highway traversed.

2. The certificates granted to the partnership doing business under the name of Bekins Fireproof Storage shall include the right to transport commodities herein authorized to be transported for compensation between San Francisco and Sacramento and between San Francisco and Santa Rosa to points laterally on either side of the main highways traversed and beyond the terminals named to a distance not to exceed thirty miles.

3. The certificate granted to Sarah S. Burger shall include the right to transport commodities herein authorized to be carried for compensation between San Francisco and Sacramento to points on either side of the main highway for a distance not to exceed ten miles.

4. The rates to be charged by the three applicants authorized to operate between San Francisco, Oakland and Sacramento via Vallejo shall be the schedule of rates as set forth covering Route No. 2 in Application No. 9730, such rates to be governed by rules and regulations as set forth in Exhibit "A" attached to said application.

5. The rates to be charged by Consolidated Furniture Moving Corporation between Oakland and Sacramento via Stockton shall be identical with the rates as set forth in Exhibit "A" attached to its application herein, with the exception of the terminal rates between Sacramento, Oakland and San Francisco, which rates shall be identical with the rates between said points as set forth in Exhibit "A" attached to Application No. 9730.

6. The rates to be charged between San Francisco, Santa Rosa and intermediate points by Bekins Fireproof Storage and by Consolidated Furniture Moving Corporation shall be identical with the rates as set forth covering Route No. 3 in Application No. 9730.

7. The rates to be charged by Bekins Fireproof Storage between San Francisco and east bay cities shall be identical with the rates as set forth covering Route No. 1 in Exhibit "A" attached to Application No. 9730.

8. The rates to be charged by Consolidated Furniture Moving Corporation between San Francisco, San Jose and intermediate points shall be identical with the rates as set forth in Exhibit "A" attached to its application herein.

*It is hereby further ordered*, that the certificate granted to Consolidated Furniture Moving Corporation, a corporation, shall not become effective until such time as the secretary of said corporation has filed a verified statement with the Railroad Commission to the effect that the sum of \$20,000 has been paid into the treasury of said corporation or that said corporation has secured in its own name equipment to



the value of \$20,000, said equipment to be used in the conduct of its business under the certificates herein granted.

*It is hereby further ordered*, that each and all of the applicants herein named shall file with the Railroad Commission within a period of not to exceed fifteen (15) days from the date hereof their written acceptance of the certificate herein granted, the written acceptance of the Consolidated Furniture Moving Corporation to contain a statement to the effect that they accept the conditions as hereinabove set forth. All applicants to file within a period of not to exceed thirty (30) days from the date hereof, in duplicate, tariffs of rates and time schedules as provided for in their respective applications, except in so far as said tariffs of rates have been revised as hereinabove set forth. Operations to commence within a period of not to exceed sixty (60) days from the date hereof, unless such time is formally extended by supplemental order of this Commission.

The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

No vehicle may be operated by applicants herein unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this third day of July, 1924.

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DECISION No. 13776.

IN THE MATTER OF THE APPLICATION OF RIO VISTA TELEPHONE AND TELEGRAPH COMPANY, FOR PERMISSION TO INSTALL PUBLIC SERVICE TELEPHONE BOOTHS AND TO CHARGE FOR THE USE OF SAME FOR LONG DISTANCE AND LOCAL TELEPHONE CALLS.

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Application No. 10018.

Decided July 3, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

This Commission having issued its Decision No. 13582, dated May 21, 1924, in the above entitled proceeding, authorizing the Rio Vista Telephone and Telegraph Company to establish throughout the territory served by it public telephone stations as may be necessary to render adequate service to the public, and to charge the sum of five cents (5¢) for each local call made from such public telephone stations on and

after June 15, 1924, providing said rate for said service be filed with the Railroad Commission on or before June 1, 1924, and these rates not having been filed within the specified period, applicant now requests authority to establish public telephone stations as requested in its original application, and there appearing no good reason why this service should not now be established and the rate as set forth in the previous order charged for such service;

*It is hereby ordered*, that Rio Vista Telephone and Telegraph Company be and it is hereby authorized to establish throughout the territory served by it public telephone stations as may be necessary to render adequate service to the public, and to charge the sum of five cents (5¢) for each local call made from such public telephone stations on and after August 1, 1924, provided, said rate for said service is filed with the Railroad Commission on or before July 21, 1924.

Dated at San Francisco, California, this third day of July, 1924.

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DECISION No. 13779.

IN THE MATTER OF THE APPLICATION OF THE CITY OF SANTA MONICA, A MUNICIPAL CORPORATION, FOR AN ORDER AUTHORIZING THE CROSSING OF CERTAIN RAILROAD TRACKS OF SOUTHERN PACIFIC COMPANY, SOUTHERN PACIFIC RAILROAD COMPANY, AND PACIFIC ELECTRIC RAILWAY COMPANY, BY AN OVERHEAD CROSSING AND CROSSING CERTAIN OTHER TRACKS OF SAID COMPANIES AT GRADE, AND MOVING CERTAIN TRACKS.

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Application No. 9966.

Decided July 7, 1924.

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*Chester L. Coffin*, City Attorney, for Applicant.

*Frank Karr*, for Southern Pacific Company, Southern Pacific Railroad Company, Pacific Electric Railway Company.

*John R. Berryman*, for Automobile Club of Southern California.

BY THE COMMISSION.

**OPINION.**

In the above entitled application the city of Santa Monica asks for an order authorizing the construction of an unnamed new street located between Second and Third streets across tracks of Southern Pacific Railroad Company now under lease to Pacific Electric Railway Company and Pacific Electric Railway Company's Inglewood branch.

A public hearing was held on this application before Examiner Williams in Santa Monica, May 20, 1924.

The new street involved in this proceeding is an eighty-foot highway extending from Colorado avenue to Pico boulevard, the greater portion of which extends parallel to and approximately midway between Ocean avenue and Fourth street. At the Colorado avenue end, the new street divides into two branches, one connecting with Second street to the north and the other to Third street. At a point approximately fifteen

hundred feet southerly from Colorado avenue the new highway again divides into two branches, one branch connecting to Third street, thence south to Pico boulevard; the other branch is a new eighty-foot street, making an angle of forty-five degrees to the right and connecting with Pico boulevard in a southerly direction.

The new highway, in addition to meeting local need, will offer an additional artery for vehicular traffic to the south from Santa Monica and should greatly relieve congestion on Ocean avenue and Fourth street between Pico boulevard and the city of Santa Monica. It is very evident that this street if opened up would carry a heavy vehicular traffic especially during Sundays and holidays as on those days the beach traffic is very heavy in this vicinity. There should also be a fairly heavy vehicular traffic over this new highway during the week days as it would offer a more or less direct route to traffic between Santa Monica and Ocean Park.

The property through which the new highway passes is a large undeveloped area, the greater portion of which is owned by Southern Pacific Railroad Company. At the time the principal port of Los Angeles was located at Santa Monica Long Wharf, before the developments at San Pedro, it was planned to establish a railroad terminal of considerable magnitude on this property. The new highway as laid out passes through the railroad company's freight depot. It is planned to relocate this structure on the northerly side of the new highway or to an entirely new location.

The track crossings involved in this proceeding consist of an overgrade crossing of two tracks near Colorado avenue and grade crossings of five spur tracks of Southern Pacific Railroad Company and Pacific Electric Railway Company's Inglewood Branch. The overgrade crossing spans the most important track involved herein, it being the so-called "Santa Monica Air Line" between Los Angeles and Santa Monica Beach, and in addition spans a passing track. This proposed overgrade structure is eighty feet wide and forty feet in length, the highway to be supported by steel girders on concrete abutments, to cost approximately \$67,000 exclusive of paving or sidewalks. The five spur lines are unimportant tracks which are used but very little at present, the use consisting of storing cars and some freight service. Perhaps some arrangement could be entered into between the city of Santa Monica and the railroads involved whereby one or more of these spur lines can be eliminated in connection with the construction of the proposed new road and the relocation of the freight depot. The Commission recommends that the number of spur tracks to be retained over which the proposed new road passes at grade be reduced to the minimum with which the railroad can efficiently operate.

There is an agreed plan between the city of Santa Monica and the

Pacific Electric Railway Company whereby the three existing tracks of the Inglewood branch near the Pico end of the new road are to be replaced with a single track. Trains are operated over this line between Inglewood and its connection to the air line in Santa Monica. The schedule shows there are two passenger train movements over the line per day, in addition to some freight service. In general it may be said the train movements here are infrequent and at slow rates of speed. Due to the fact this grade crossing is in a location where the track will be occupied by standing trains and cars, it does not appear to be an appropriate location for the installation of an automatic flagman.

Applicant introduced some testimony to show that the street proposed herein would undoubtedly attract considerable vehicular traffic from Ocean avenue between the city of Santa Monica and Pico boulevard where the traffic is now very congested during Sundays and holidays and that Pacific Electric Railway Company would be materially benefited by this diversion of vehicular traffic in that the proposed street offers a safe passage to vehicular traffic as compared to the present condition where the traffic along Ocean avenue is required to cross two rather hazardous grade crossings of Pacific Electric Railway Company's so-called "Venice Short Line." Applicant argues that because Pacific Electric Railway Company is benefited by being relieved of some hazard on its "Venice Short Line" that it should participate in the expense of constructing the proposed overgrade crossing of the street involved herein over the so-called "Air Line" owned by Southern Pacific Railroad Company. While it is true that the proposed overgrade crossing will, to a certain extent, reduce the hazard at the two grade crossings of Pacific Electric Railway Company's "Venice Short Line," it does not appear that Southern Pacific Railroad, over whose line the proposed overgrade passes, is benefited to the extent it should bear a portion of the expense of the overgrade structure, nor would it seem fair to require Pacific Electric Railway Company to pay any portion of a grade separation over another company's line. Therefore, applicant should bear the entire expense of the proposed improvement.

From the evidence it would seem that public convenience and necessity require the granting of this application. It appears that the usual crossing signs would be sufficient protection at this time for the grade crossings proposed herein.

#### **ORDER.**

The city of Santa Monica having made application to this Commission for permission to construct an unnamed street across certain tracks of Southern Pacific Railroad Company now leased by Pacific Electric Railway Company and a track of Pacific Electric Railway Company, all as shown on map attached to the application, in the city of Santa Monica,

county of Los Angeles, State of California, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision; therefore,

*It is hereby ordered*, that permission and authority be and it is hereby granted to the city of Santa Monica, county of Los Angeles, State of California, to construct an overgrade crossing of an unnamed street across the tracks of Southern Pacific Railroad Company's so-called "Santa Monica Air Line," now leased by Pacific Electric Railway Company, as shown by the map attached to the application, said crossing to be constructed subject to the following conditions, namely:

(1) The overgrade crossing shall be constructed at the location shown on the map attached to the application, in accordance with plans which shall have the approval of this Commission.

(2) The entire expense of constructing the overgrade crossing shall be borne by applicant. The cost of its maintenance shall be borne by applicant.

(3) The overgrade structure shall conform with the requirements of this Commission's General Order No. 26 with respect to clearances.

*It is hereby further ordered*, that permission and authority be and it is hereby granted to the city of Santa Monica to construct an unnamed street at grade across five spur tracks of Southern Pacific Railroad Company now leased by Pacific Electric Railway Company, as shown by the map attached to the application, said crossings to be constructed subject to the following conditions, namely:

(1) The entire expense of constructing the crossings shall be borne by applicant. The cost of the maintenance of the grade crossings up to lines two (2) feet outside of the outside rails shall be borne by applicant. The maintenance of that portion of the grade crossings between lines two (2) feet outside of the outside rails shall be borne by Southern Pacific Railroad Company.

(2) The crossings shall be constructed of a width not less than fifty (50) feet and with grades of approach not greater than three and one-half per cent ( $3\frac{1}{2}\%$ ); shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

*It is hereby further ordered*, that permission and authority be and it is hereby granted to the city of Santa Monica to construct an unnamed street at grade across the track of Pacific Electric Railway Company's so-called "Inglewood Branch," as shown by the map attached to the application, said crossing to be constructed subject to the following conditions, namely:

(1) The entire expense of constructing the crossing shall be borne by applicant. The cost of its maintenance up to lines two (2) feet outside of the outside rails shall be borne by applicant. The maintenance

of that portion of the crossings between lines two (2) feet outside of the outside rails shall be borne by Pacific Electric Railway Company.

(2) The crossing shall be constructed of a width not less than fifty (50) feet and with grades of approach not greater than two and one-half per cent ( $2\frac{1}{2}\%$ ) shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

*It is hereby further ordered*, that the permission and authority hereby granted is subject to the following conditions:

(1) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(2) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(3) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission, if in its judgment the public convenience and necessity demand such action.

This order shall become effective ten (10) days from the making thereof.

Dated at San Francisco, California, this seventh day of July, 1924.

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DECISION No. 13780.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION FOR AN ORDER AUTHORIZING THE ISSUANCE OF TWENTY-FIVE THOUSAND SHARES OF COMMON STOCK.

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Application No. 10204.

Decided July 7, 1924.

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*Paul Overton*, for Applicant.

*BRUNDIGE*, Commissioner.

**OPINION.**

Los Angeles Gas and Electric Corporation asks permission to issue 25,000 shares (\$2,500,000 par value) of common stock and deliver the same to the owners and holders of its common stock in the proportion which their stockholdings of such stock bear to the authorized and issued common stock.

Applicant has an authorized stock issue of \$30,000,000 divided into \$10,000,000 of preferred and \$20,000,000 of common. Of the preferred \$7,273,400, and of the common \$10,000,000 was outstanding June 1,

1924. Of the common stock \$9,990,000 is owned by the Pacific Lighting Corporation.

As of June 1, 1924, applicant reports an accumulated surplus of \$3,883,877.89, consisting of \$943,333.33 of appropriated and \$2,940,544.56 of unappropriated surplus. Its reserve for accrued depreciation is reported at \$7,364,085.18. It is of record that all of applicant's surplus is invested in its properties and business. Applicant asks permission to capitalize \$2,500,000 of its surplus through the issue of common stock, leaving a balance of \$1,383,877.89. Applicant proposes to transfer to its capital stock account the \$943,333.33 of appropriated surplus and \$1,556,666.67 of its unappropriated surplus. It is doubtful whether the \$943,333.33 of appropriated surplus represents in its entirety earned surplus. We believe that this amount should be transferred to applicant's unappropriated surplus account and that thereafter \$2,500,000 of the unappropriated surplus should be transferred to applicant's capital stock account through the issue of the \$2,500,000 of common stock. The testimony and reports on file with the Commission show that applicant has invested more than \$2,500,000 obtained from earnings in its property and business. It may properly be permitted to issue \$2,500,000 of its common stock to reimburse its treasury and to distribute such stock as a dividend to its stockholders.

Herewith submit the following form of order:

#### ORDER.

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue \$2,500,000 of its common stock, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that this application should be granted as herein provided:

*It is hereby ordered*, that Los Angeles Gas and Electric Corporation be and it is hereby authorized to issue at not less than par on or before October 1, 1924, 25,000 shares (\$2,500,000 par value) of its common stock, for the purpose of reimbursing its treasury because of earnings expended for the acquisition of properties. Such stock, after the reimbursing of applicant's treasury, may, according to law, be distributed to applicant's stockholders as a stock dividend.

The authority herein granted is subject to further conditions as follows:

1. Los Angeles Gas and Electric Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the

Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof.

The foregoing opinion and order is hereby approved and ordered filed as the opinion and order of the Railroad Commission the State of California.

Dated at San Francisco, California, this seventh day of July, 1924.

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DECISION No. 13781.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF ITS SIX PER CENT PREFERRED STOCK.

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Application No. 10205.

Decided July 7, 1924.

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*Paul Overton*, for Applicant.

*BRUNIDGE*, Commissioner.

**OPINION.**

Los Angeles Gas and Electric Corporation asks permission to issue 50,000 shares (\$5,000,000 par value) of its 6 per cent preferred stock and such additional amount of such stock as may be subscribed for by its stockholders pursuant to their right and privilege, under the law, to subscribe for the proportion of such stock as their stockholdings bear to the total subscribed and/or issued preferred stock, and to sell and deliver such stock at not less than \$90 per share. Of the proceeds realized from the sale of the 50,000 shares of preferred stock applicant asks permission to pay Bond and Goodwin and Tucker, Incorporated, a commission of \$6 per share for their services rendered in connection with the sale of such stock. All the remaining proceeds obtained from the sale of its preferred stock applicant intends to use to pay for additions and extensions to its plants, properties and equipment as set forth in its Exhibit "C" filed in this proceeding. Applicant also asks permission to issue temporary receipts to the subscribers of its preferred stock, such receipts to be exchanged for stock certificates as soon as applicant is in a position to deliver its stock certificates.

Applicant has an authorized stock issue of \$30,000,000 divided into \$10,000,000 of preferred and \$20,000,000 of common. Of the preferred stock, \$7,273,400, and, of the common, \$10,000,000 was outstanding on June 1, 1924. A special meeting of applicant's stockholders has been called for July 25th. At such meeting the stockholders are asked to vote upon the proposal to increase applicant's authorized capital stock from \$30,000,000 to \$60,000,000 divided into \$30,000,000 of common



and \$30,000,000 of preferred stock. Applicant will offer all of the new preferred stock to its present stockholders, who have the right to subscribe for such stock in the proportion which their stockholdings bear to the total subscribed and/or issued preferred stock at the price (\$90 per share) at which applicant will offer said stock for sale to the public. It is not believed that applicant's stockholders will subscribe for all of the new preferred stock. It has entered into an agreement with Bond and Goodwin and Tucker, Incorporated, whereunder they are to act as applicant's selling agents in the sale of \$5,000,000 of preferred stock. For their services they are to receive a commission of \$6 per share of stock sold. Pending the delivery of stock certificates applicant will issue temporary receipts to stock purchasers. These are to be exchanged for stock certificates. If for any reason applicant will be unable to deliver stock certificates within a reasonable time, it will refund to the purchasers of the stock the full purchase price, plus interest at the rate of \$6 per annum on each \$90 paid in on such subscription.

Applicant in its Exhibit "C" reports its estimated approved expenditures during 1924 for additions and extensions to its plants, properties and equipment at \$13,823,225, segregated as follows:

Gas works, including one 7 million cubic feet generator, one 1 million cubic feet per hour and two one-half million cubic feet per hour each compressors, one 10 million cubic feet holder and purchase of property and installation of foundation for another 10 million cubic feet holder for 1925, together with auxiliary equipment and buildings -----	\$1,675,000 00
New gas works, first payment on account of site -----	100,000 00
Electric works, including one 17,500 kilowatt turbo-generator and auxiliary equipment, etc. -----	1,032,732 00
New electric works, at Seal Beach, on which expenditures during 1924 will reach at least -----	2,200,000 00
Gas distributing system -----	1,058,493 00
including     250 miles commercial mains 18 miles pressure mains 32,000 gas services 48,000 gas meters 25,000 gas regulators	
Electric distributing system -----	2,521,700 00
including 20,000 electric services 24,000 electric meters	
New general office building and equipment -----	1,350,000 00
Miscellaneous -----	333,830 00
Overhead expense -----	571,410 00
Grand total estimated net increase in capital accounts -----	\$13,823,225 00

The record shows that about fifty (50) per cent of the estimated expenditures have been incurred.

I herewith submit the following form of order:

#### ORDER.

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue preferred stock, a public hear-

ing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expense or to income;

*It is hereby ordered, as follows:*

1. Los Angeles Gas and Electric Corporation may issue 50,000 shares (\$5,000,000 par value) of its preferred stock and such additional amount of its preferred stock as may be subscribed for by applicant's stockholders pursuant to their right and privilege, under the law, to subscribe for the proportion of such stock as their stockholdings bear to the total subscribed and/or issued preferred stock. Los Angeles Gas and Electric Corporation may execute and deliver temporary receipts to the subscribers for its preferred stock, the issue of which is herein authorized, said receipts to be conditioned that in the event applicant is unable to deliver its permanent certificates of stock, it shall within a reasonable time refund to the subscribers for such stock the amount paid therefor together with interest thereon at a rate equivalent to \$6 per annum upon each \$90 paid in on such subscriptions.

2. Los Angeles Gas and Electric Corporation shall sell the preferred stock herein authorized to be issued at not less than \$90 per share. Of the proceeds realized from the sale of 50,000 shares of preferred stock Los Angeles Gas and Electric Corporation may pay to Bond and Goodwin and Tucker, Incorporated, the sum of not exceeding \$6 per share of stock sold by them for their services rendered in connection with the sale of such stock. All the remaining proceeds obtained from the sale of the preferred stock herein authorized to be issued shall be used to pay for the additions and extensions to the company's plants, properties and equipment set forth in its Exhibit "C" filed in this proceeding, or for such other purposes as may be authorized by the Commission in supplemental order or orders, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by the Railroad Commission, shall be paid for through the use of proceeds realized from the sale of stock herein authorized to be issued.

3. Los Angeles Gas and Electric Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof, but under such authority no stock may be issued, sold or delivered after November 1, 1924.

The foregoing opinion and order is hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventh day of July, 1924.

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DECISION No. 13784.

IN THE MATTER OF THE APPLICATION OF TRUCKEE RIVER POWER COMPANY, A CORPORATION, FOR AN ORDER PRELIMINARY TO THE GRANTING TO APPLICANT OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE A RIGHT OR PRIVILEGE UNDER A FRANCHISE WHICH APPLICANT CONTEMPLATES SECURING FROM THE COUNTY OF NEVADA, STATE OF CALIFORNIA.

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Application No. 9822.

Decided July 8, 1924.

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*Goodfellow, Eells, Moore & Orrick*, by *T. W. Dahlquist*, for Applicant.  
*Dorlin and Brookman*, by *Douglas Brookman*, for Truckee Electric Light and Power Company and Paul M. Doyle,  
*Charles P. Cullen*, for Pacific Gas and Electric Company.

WHITTLESEY, *Commissioner*.

**OPINION.**

This is an application by Truckee River Power Company for an order preliminary to the granting to applicant of a certificate of public convenience and necessity to operate under a franchise which applicant contemplated securing from the county of Nevada, State of California. Public hearing was held March 20, 1924.

Applicant has for some years past furnished electric energy to Crown Willamette Paper Company at Floriston, California. A transmission line has recently been built from the California-Nevada boundary line to Summit, California, which now makes possible the interchange of electric energy between the systems of applicant and Pacific Gas and Electric Company. Applicant proposes to render service from the above line to whatever extent is warranted, and in particular desired to supply the Southern Pacific Company at Truckee with electric energy for shop and other use.

It being stipulated that the Truckee River Power Company would not enter the territory west of the summit, counsel for Pacific Gas and Electric Company withdrew.

Truckee Electric Light and Power Company and Paul M. Doyle, now operating in the town of Truckee, opposed the application, Mr. Doyle testifying that he was prepared to install additional hydro-electric facilities should the Southern Pacific desire service in excess of present plant capacity.

No definite information as to the extent of the Southern Pacific requirements at Truckee being available, and as the interested parties expressed willingness to negotiate a purchase and sale agreement, the hearing was adjourned.

Interested parties have, since adjournment, concluded an agreement which is now on file with the Commission, and stipulations have been filed waiving further hearing.

Subsequent to the above hearing a franchise was granted by the county of Nevada, copy of said franchise being filed, together with supplemental application that the Commission make its order granting and issuing to applicant a certificate declaring that public convenience and necessity require the exercise by applicant of the rights and privileges under the above franchise. Applicant has filed with this Commission a stipulation, duly executed by its manager, stating that it will never claim before the Railroad Commission of the State of California, or any court, or any other public authority, a value for the rights and privileges granted under this franchise, in excess of the actual costs and expense incurred in acquiring said franchise.

Public convenience and necessity require the exercise by Truckee River Power Company of the rights and privileges granted under the above mentioned franchise only in that portion of the territory lying east of the summit, and further, within the town of Truckee, only to the extent necessary to supply the requirements of Truckee Electric Light and Power Company, and any exercise of the rights and privileges granted by said franchise should be so limited.

I submit the following form of order:

#### **ORDER.**

Truckee River Power Company having applied to the Railroad Commission for a certificate declaring that public convenience and necessity require the exercise of the rights and privileges granted to it by the county of Nevada, State of California, under Ordinance 226, dated May 9, 1924, a hearing having been held, copies of said franchise and a stipulation as to the claim for value thereof having been duly filed in form satisfactory to this Commission,

The Railroad Commission of the State of California hereby declares that public convenience and necessity require, and will require, the exercise by Truckee River Power Company of the rights and privileges granted under Ordinance 226, county of Nevada, in that portion of Nevada County lying east of the summit of the Sierra Nevada Mountains, but expressly excluding the town of Truckee, except to such degree as may be necessary to deliver power to the Truckee Electric Light and Power Company now operating in Truckee.

16-33193

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighth day of July, 1924.

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DECISION No. 13788.

IN THE MATTER OF THE APPLICATION OF THE PETALUMA POWER AND WATER COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE ONE HUNDRED THOUSAND DOLLARS OF PREFERRED STOCK.

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Application No. 9254.

Decided July 9, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission, by Decision No. 12503, dated August 18, 1923, authorized Petaluma Power and Water Company to issue and sell at par \$60,000 of its 7 per cent cumulative preferred stock. The order of the Commission permitted the company to use approximately \$38,500 of the proceeds from the sale of the stock to pay indebtedness and \$17,692.12 to finance the cost of additions and betterments described in Exhibits "A" and "B" attached to the application. Any proceeds not needed for the purposes specified in Exhibits "A" and "B" may be expended only as authorized in supplemental orders.

The company now reports that it has received \$60,000 from the sale of its stock and that it has expended \$48,580.28 of this amount, leaving an unexpended balance on deposit in its bank of \$11,419.72. It asks the Commission at this time to make an order authorizing the use of the remaining proceeds to reimburse its treasury on account of expenditures for capital purposes.

In this connection the company reports that it will require \$7,273.70 to complete the estimates heretofore filed as Exhibit "B" in this matter and \$7,147.12 to finance the cost of additional expenditures, the two items aggregating \$14,420.82. The \$7,147.12 consists of the following:

Four wells .....	\$1,665 54
Two Byron-Jackson turbines .....	1,884 00
One Byron-Jackson centrifugal booster .....	1,267 00
180 feet of 12-inch screw casing .....	559 80
190 feet of 16-inch steel casing .....	950 00
10,000 gallon tank .....	179 00
Tank foundations .....	165 00
407 feet six-inch transmission line .....	476 78
Total .....	\$7,147 12

In addition to these expenditures it appears that the company has expended \$750 which it obtained from the sale of the stock, on its Adobe

and Lawlor flumes. The Commission has not authorized the use of stock proceeds for this purpose. Adding the \$750 to the \$11,419.72 makes a total of \$12,169.72 of stock proceeds which the Commission is now asked to authorize to be expended.

*It is hereby ordered*, that the order in Decision No. 12503, dated August 18, 1923, be and it is hereby modified so as to permit Petaluma Power and Water Company to use \$12,169.72 of the proceeds obtained from the sale of the \$60,000 of stock authorized by said decision, for the purpose of financing in part the cost of additions and betterments referred to herein.

*It is hereby further ordered*, that Petaluma Power and Water Company shall transfer within thirty days after the date of this order the sum of \$750 from account 36, "Corporate surplus unappropriated," to account 33, "Income invested since December 31, 1912, in fixed capital."

*It is hereby further ordered*, that the order in Decision No. 12503, dated August 18, 1923, as amended, shall remain in full force and effect, except as modified by this supplemental order.

Dated at San Francisco, California, this ninth day of July, 1924.

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DECISION No. 13790.

IN THE MATTER OF THE APPLICATION OF JOHN HAYES WATER COMPANY BY JOHN HAYES, SOLE OWNER, FOR AN ORDER AUTHORIZING SALE.

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Application No. 9922.

Decided July 10, 1924.

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*Call and Call*, by T. P. Menzies, Jr., for Applicants.

BY THE COMMISSION.

**OPINION.**

In this application and the amendment thereto filed at the hearing on June 7, 1924, John Hayes, who owns and operates a public utility known as the John Hayes Water Company, supplying water for domestic purposes to consumers residing in Tract No. 3939, Los Angeles County, asks authority to transfer the plant for a consideration of \$8,500 to Robert G. and Myra Hotchkiss, who join in the application.

A public hearing in this matter was held at Los Angeles by Examiner Williams, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The agreement between applicants calls for the payment of \$1,000 in cash and the issue of a note for \$7,500 bearing interest at the rate of 7 per cent and payable in monthly installments of \$75. The purchasers ask permission to issue such note and to execute a trust deed to secure the payment of the same.

The annual report of this utility for the year 1923 filed with the Railroad Commission indicates that the plant has 62 consumers and that there was \$9,822.70 invested in the system on December 31, 1923.

No one appeared to oppose the granting of this application and it is evident that the best interests of consumers will not be affected adversely if the transfer be authorized.

#### ORDER.

John Hayes, sole owner, having made application for authority to transfer to Robert G. and Myra Hotchkiss a public utility known as the John Hayes Water Company, which supplies water for domestic purposes to consumers in Tract No. 3939, Los Angeles County, and Robert G. and Myra Hotchkiss having joined in the application, and having asked authority to issue a note in part payment for the properties and to execute a trust deed, a public hearing having been held thereon, and the Commission being of the opinion that the application should be granted as herein provided;

*It is hereby ordered*, that John Hayes be and he is hereby authorized to sell on or before November 1, 1924, for \$8,500 the public utility water system described in this application, to Robert G. and Myra Hotchkiss, who are hereby authorized to issue in part payment for such properties a \$7,500 note bearing interest at the rate of 7 per cent per annum and payable in monthly installments of \$75.

*It is hereby further ordered*, that Robert G. and Myra Hotchkiss be and they are hereby authorized to execute a trust deed substantially in the same form as that filed in this proceeding, to secure the payment of the \$7,500 note, which they are authorized to issue.

The authority herein granted is subject to further conditions as follows:

1. The consideration given for the transfer of this public utility water system shall not be urged before this Commission or any other public body as a finding of value of the property for rate fixing or for any purpose other than the transfer herein authorized.

2. A certified copy of the instrument of conveyance shall be filed with this Commission by Robert G. and Myra Hotchkiss within thirty (30) days of the date on which it is executed.

3. Within ten (10) days of the date on which possession and control of the property herein authorized to be transferred is actually relinquished to Robert G. and Myra Hotchkiss, a certified statement to that effect shall be filed with this Commission by John Hayes; or, in case Robert G. and Myra Hotchkiss are already in control and possession of the property, a certified statement to that effect shall be filed within ten (10) days of the date hereof.

4. The authority herein granted to execute a trust deed is for the

purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such trust deed as to such other legal requirements to which said trust deed may be subject.

5. The authority herein granted will become effective when Robert G. and Myra Hotchkiss have paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is twenty-five dollars (\$25).

6. Robert G. and Myra Hotchkiss shall file a report as required by the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this tenth day of July, 1924.

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DECISION No. 13791.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES,  
NORTHERN DIVISION, A CORPORATION, FOR AN ORDER PERMIT-  
TING IT TO ISSUE ONE HUNDRED THOUSAND DOLLARS OF  
EQUIPMENT TRUST CERTIFICATES.

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Application No. 10184.

Decided July 10, 1924.

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*Warren E. Libby*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application, Pickwick Stages, Northern Division, asks the Commission to make an order authorizing the issue and sale of \$100,000 of equipment trust certificates, under the terms of an equipment trust agreement and lease agreement referred to herein, for the purpose of financing the cost of additional equipment.

The application shows that the company proposes to acquire certain equipment, described as follows:

- 8 pay-as-you-enter 28-passenger Pierce-Arrow automobile stages,
- 5 inter-city type 28-passenger Pierce-Arrow automobile stages,
- 6 parlor car type with individual seats, 18-passenger Pierce-Arrow automobile stages.

It reports that this equipment will cost about \$200,000. It intends to pay for the same through the issue of an equal amount of stock and equipment trust certificates. The certificates bear interest at the rate of 7 per cent per annum, will be dated July 15, 1924, and will mature in equal annual installments of \$20,000 on the fifteenth day of January, commencing with January, 1926. Applicant asks permission to sell the certificates at 95 per cent of face value.

It is proposed to issue the certificates under agreements similar in form to those the Commission authorized the company to execute by Decision No. 12824, dated November 14, 1923, in Application No. 9442,



the agreements it is proposed to execute to be changed only in respect to amount of certificates to be issued, dates and the description of the equipment. Under the terms of such agreements the equipment hereinabove referred to will be transferred to a trustee to secure the payment of the \$100,000 of equipment trust certificates. The trustee, upon receipt thereof, will lease the equipment to applicant at a rental sufficient to pay the interest and the annual payments on account of the principal. In addition, the company will be called upon to pay all taxes and insurance on the equipment, to maintain it in good operating condition and, in addition, to pay the difference between the cost of the equipment and the amount received from the sale of the certificates. Upon the payment in full of the principal of the certificates, title to the equipment will pass to applicant. The request to issue stock is made in Application No. 10185, which was filed concurrently with this application.

The Commission heretofore on two occasions has authorized applicant to assume the obligations under equipment trust agreements. By Decision No. 8934, dated May 6, 1921, as amended, the Commission authorized the issue of \$30,000 of 8 per cent serial equipment trust certificates payable in equal annual installments of \$6,000 during the years 1922 to 1926 inclusive. Subsequently, by Decision No. 12824, dated November 14, 1923, it authorized the issue of \$50,000 of 7 per cent serial certificates payable in equal annual installments of \$10,000 during the years 1924 to 1928 inclusive. As of April 30, 1924, \$68,000 of certificates were reported outstanding, consisting of \$18,000 of 8 per cent certificates and \$50,000 of 7 per cent certificates.

For the years ending December 31st, the company reports its revenues and expenses as follows:

Item	1922	1923
Transportation revenue -----	\$582,645 16	\$739,550 62
Transportation expenses -----	518,075 71	692,901 81
Net operating revenue -----	\$64,567 45	\$46,648 81
Nonoperating income -----	2,419 56	6,379 58
Net income -----	\$66,987 01	\$53,028 39
<i>Deduct:</i>		
Interest -----	\$6,002 99	\$4,822 33
Federal income taxes -----	1,831 26	6,687 80
Amortized debt discount and expense -----	959 70	-----
Total deductions -----	\$8,793 95	\$11,510 13
Profit for year -----	\$58,193 06	\$41,518 26
Dividends -----	-----	38,400 00
Surplus -----	\$58,193 06	\$3,118 26

For the four months ending April 30, 1924, the company reports gross revenues of \$221,369.91 and operating and other expenses of \$216,129.63, leaving net income for the period of \$5,240.28.

**ORDER.**

Pickwick Stages, Northern Division, having applied to the Railroad Commission for an order authorizing the execution of an equipment trust agreement and lease agreement and the issue of equipment trust certificates, and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the certificates is reasonably required by applicant for the purpose specified herein :

*It is hereby ordered*, that Pickwick Stages, Northern Division, a corporation, be and it is hereby authorized to execute and enter into an equipment trust agreement and a lease agreement substantially in the same form as those filed with the Commission in Application No. 9442, and to assume or guarantee the payment of not exceeding \$100,000 of 7 per cent serial equipment trust certificates, the issue of which is hereby authorized.

The authority herein granted is subject to further conditions as follows :

1. The authority herein granted to execute an equipment trust agreement and lease agreement is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such equipment trust agreement and lease agreement as to such other legal requirements to which said equipment trust agreement and lease agreement may be subject.

2. Within thirty days after execution of the equipment trust agreement and lease agreement applicant shall file with the Commission certified copies of such equipment trust agreement and lease agreement.

3. The equipment trust certificates which are herein authorized to be issued shall be sold at not less than 95 per cent of face value plus accrued interest and the proceeds used to pay in part the cost of the additional equipment to which reference is made in the foregoing opinion.

4. Applicant shall keep such record of the issue and sale of the equipment trust certificates and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$100. Under the authority herein granted no certificates may be issued after December 31, 1924.

Dated at San Francisco, California, this tenth day of July, 1924.

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DECISION No. 13798.

V. V. TUBBS

*vs.*

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY,  
A CORPORATION.

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Case No. 1987.

Decided July 10, 1924.

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BY THE COMMISSION.

**OPINION.**

In this proceeding, complainant requests that this Commission require The Pacific Telephone and Telegraph Company to move the boundary line between the Santa Ana and Tustin exchange areas approximately three-quarters of a mile to the east and to add the territory between the present and this proposed boundary to the Santa Ana exchange area. A hearing was held in this matter before Examiner Satterwhite, in the town of Tustin on July 1, 1924.

Within this territory, involved in this proceeding, there are, at the present time, some twenty subscribers, most of whom are receiving service from the Tustin exchange office, and others from the Santa Ana exchange office.

Evidence was submitted at the hearing which shows that the present Santa Ana subscribers and prospective telephone subscribers within this territory desire Santa Ana service, and that those now receiving service from the Tustin exchange, with the exception of Mr. W. S. Stanley and Mr. I. L. Marchant, desire to discontinue Tustin service if Santa Ana service can be obtained. These two Tustin subscribers did not appear at the hearing, but did, in connection with an informal complaint No. 26925, file with this Commission on November 14 and 15, 1923, letters objecting to being transferred from the Tustin exchange area to the Santa Ana exchange area. The correspondence in this informal complaint is before this Commission as evidence in this formal proceeding.

This informal complaint, herein referred to, first came to the attention of this Commission on February 13, 1923. On February 26, 1923, a petition was received signed by Mr. V. V. Tubbs, Mr. W. S. Stanley, and eight others, requesting this Commission to establish the area (now

involved in this formal complaint) within the Santa Ana exchange area. Following informal investigation, the Commission advised that an informal decision would be made in accordance with the desires set forth in this petition, providing all subscribers in this area would unanimously agree in a common request. Mr. Marchant and the remaining subscribers then submitted a petition requesting Santa Ana service in place of Tustin service. The Commission thereupon informally directed The Pacific Telephone and Telegraph Company to make these changes accordingly; however, before this work could be actually performed by the Telephone Company, objections to this action, in the form of letters, were received from Mr. Stanley and Mr. Marchant. Thereupon, this Commission then directed the Telephone Company to cease the work of changing the service in accordance with its previous direction, and to leave all subscribers as they existed originally, before receipt of the informal complaint. Following this action, the formal complaint in this proceeding was then filed with this Commission.

From the evidence in this proceeding, there appears no objection or any reason why subscribers within this area should not have Santa Ana service, and if their request is to be granted, this can best be accomplished by relocating the boundary line as complainant requests.

If this procedure be followed, Mr. Stanley and Mr. Marchant will then be in the Santa Ana exchange area and will receive Tustin service, which will not only create a discrimination between subscribers, but also, an undesirable condition in which the subscriber receives service from an exchange within which he is not located. Overlapping of territories or services always results in difficulties to both the subscriber and to the utility furnishing service. In order that the difficulties which such a condition will produce will be lessened as far as possible, any overlapping of services now existing within the area herein involved should, at this time, be eliminated.

In view of the foregoing facts, and also the history of the informal complaint No. 26925, it appears that complainant's request should be granted and that the establishment of the new boundary should also contemplate the elimination of all discrimination and overlapping of services.

The order following will provide that the boundary between the Santa Ana and Tustin exchange areas be moved as requested by complainant; that from and after the date of this order, The Pacific Telephone and Telegraph Company shall furnish, in accordance with its rates, rules and regulations, telephone service from the Santa Ana exchange office to all existing subscribers or applicants for service residing within the section to be added to the Santa Ana exchange area, as the same may be requested; that The Pacific Telephone and Telegraph Company shall be required to discontinue on August 1, 1924, Tustin

service to those subscribers who are now receiving both Santa Ana and Tustin service; that subscribers of Tustin service be given until December 31, 1924, to voluntarily discontinue that service; and that The Pacific Telephone and Telegraph Company be required to discontinue Tustin service to any subscriber within the area to be added to the Santa Ana exchange, who may be receiving the same on January 1, 1925.

#### ORDER.

V. V. Tubbs, complainant, having requested this Commission for an order requiring The Pacific Telephone and Telegraph Company to move the boundary line between the Santa Ana and Tustin exchange areas approximately three-quarters of a mile to the east of the present boundary line, and to add the territory between the present and proposed boundary to the Santa Ana exchange area; a public hearing having been held; the Railroad Commission having fully considered all evidence in this proceeding; and the matter now being ready for decision:

The Commission hereby finds as a fact that complainant's request is a reasonable request and that the boundary line between the Santa Ana and Tustin exchange areas should be relocated in accordance with complainant's request.

*It is hereby ordered*, that The Pacific Telephone and Telegraph Company:

1. Reestablish the boundary between the Santa Ana and Tustin exchange areas, as follows:

Commencing at a point on the present boundary between the Santa Ana and Tustin exchange areas, located between Tustin street (Glen street) and Yorba street, approximately seven hundred (700) feet south of Seventeenth street; thence in a southerly direction along a line parallel to Tustin street (Glen street), and located midway between Tustin street (Glen street) and Yorba street, to the intersection of the center line of First street; thence, in a southerly direction along the extension of a line parallel to Tustin street (Glen street), and located midway between Tustin street (Glen street) and Yorba street, to the intersection of the center line of Newport road; thence in a southeasterly direction along a line at right-angles to Newport road for a distance of five hundred (500) feet; thence in a southwesterly direction along a line parallel to Newport road to the intersection of the present easterly boundary of the Santa Ana exchange area.

2. Furnish telephone service from the Santa Ana exchange office, in accordance with its rates, rules, and regulations, to all subscribers or applicants who may request telephone service within this area herein added to the Santa Ana Exchange area.

3. Discontinue on August 1, 1924, Tustin service to those subscribers, within the area herein added to the Santa Ana exchange area, who may be receiving service from both the Tustin and Santa Ana exchange offices.

4. Notify each subscriber within this area herein added to the Santa Ana exchange area and receiving service from the Tustin exchange, that

he has until December 31, 1924, to discontinue that service, and that telephone service from the Santa Ana exchange office is available.

5. Discontinue telephone service from the Tustin exchange office to any subscriber located within the territory herein added to the Santa Ana exchange area, who may be receiving that service on January 1, 1925.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this tenth day of July, 1924.

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DECISION No. 13799.

IN THE MATTER OF THE APPLICATION OF SUTTER BUTTE CANAL COMPANY, A CORPORATION, FOR AN INCREASE IN RATES.

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Application No. 9478.

Decided July 11, 1924.

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*Declin and Brookman*, by *Douglas Brookman*, and *Isaac Frohman* and *Henry Ingram*, for Applicant.

*George F. Jones*, for Butte County Water Users Association.

*J. J. Deuel* and *L. S. Wing*, for California Farm Bureau Federation.

*W. D. Copperroll*, for Butte County Farm Bureau.

*Milton Newmark*, for Vail and Maxwell, Protestants.

SEAVEY, *Commissioner*.

**OPINION ON SUPPLEMENTAL PETITION.**

On October 26, 1923, Sutter-Butte Canal Company made application as above entitled for an increase in rates. This application was denied by the Commission in Decision No. 13122, dated February 6, 1924. Thereafter an application for rehearing was filed, and a hearing thereon was held on June 3, 1924. The matter was submitted on briefs, and a decision on the rehearing is now pending.

On June 20, 1924, Sutter-Butte Canal Company filed with the Commission a supplemental petition asking for a setting aside of the submission of the matter and requesting authority for an emergency increase in the rates charged its consumers during the present irrigation season, in order to provide sufficient revenue to meet the utility's extraordinary operating expenses and to cover the loss of revenue occasioned by a water shortage on the system.

The supplemental petition alleges in effect that due to the general water shortage prevailing in California, applicant's available water supply was insufficient for the irrigation requirements of all its consumers and that it was compelled to discontinue service to approximately 4000 acres of rice land, with the result that its revenue for the year 1924 will be decreased approximately \$25,000. It was further

alleged that in order to supply the remaining area planted to rice, totaling some 15,000 acres, it was found that an additional water supply would be required, which could be obtained only by reclaiming the waste water in the drain ditches. A number of emergency pumps was therefore installed on these drain ditches in June, 1924, at an estimated cost for installation and operation of approximately \$35,000 for the present irrigation season. It was also alleged that the aggregate loss in net revenue for the year 1924 will amount to about \$60,000, and that unless some relief is afforded applicant in the form of emergency rates, it will be unable on account of lack of funds to continue its pumping and other operations during the irrigation season of 1924.

The Commission is therefore asked, without prejudice to the original application or to any order which may finally be made therein, to authorize applicant to put into effect and charge its consumers just and equitable emergency increased rates for the present season, to provide the increase in revenue necessary in order to meet applicant's financial obligations.

On June 20, 1924, the Commission made its order setting aside the submission in this proceeding and setting a hearing on the supplemental petition, which hearing was held at San Francisco on June 30, 1924, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The evidence submitted indicates that this utility is experiencing an unusual water shortage during the present irrigation season. Measurements of the flow of the Feather River at applicant's point of diversion, taken early in the season, showed by comparison with previous years that there would be an insufficient water supply available for the requirements of the acreage which had made application for water service, and that drastic measures would be necessary in order to render adequate service to even a portion of the total area which had applied for water. It was decided therefore to discontinue service for this season to certain consumers who had made applications for service subsequent to February 15, 1924, and who, in accordance with the rules and regulations in effect, were subject to discontinuance in case of water shortage. The acreage thus eliminated was approximately 4000 acres and was mainly planted to rice. It was also decided to supplement the flow available in the river by reclaiming the waste water from the rice fields, and sixteen emergency pumping plants had been installed on the various drain ditches.

Evidence submitted at the hearing shows that the loss in revenue to applicant by reason of the discontinuance of service to approximately 4000 acres of land will amount to \$25,879. There were also introduced in evidence estimates showing that the total cost of installing and operating the emergency pumping plants on the basis of three months'

operation would amount to a total of \$40,037. The details of these estimates of emergency pumping costs are shown in applicant's Exhibits "B" and "C."

After deducting the acreage which was eliminated by applicant by reason of the water shortage there remains a total of 15,134 acres of rice and 11,672 acres of other crops now being irrigated by the system.

The following statement compiled from the evidence shows the results of the 1923 operations of this utility as compared with the results which applicant estimates will obtain for the year 1924:

Items	1923	1924
Normal maintenance and operation expense-----	\$123,129 00	\$124,465 00
Depreciation annuity-----	19,000 00	19,452 00
Estimated cost of emergency pumping plants—3 months-----	---	40,037 00
Total expense including depreciation-----	\$142,129 00	\$183,954 00
Gross revenue from present rates-----	223,039 00	189,848 00
Net operating revenue-----	\$80,871 00	---
Estimated deficit from operation-----	---	\$3,106 00

The gross revenue from the rates at present in effect for the year 1924 as shown by the foregoing statement, amounting to \$180,848, does not include any revenue on account of the 4000 acres for which service was refused. Had the water supply been sufficient to care for all demands on the system as evidenced by the applications for water, the total revenue for the year 1924 would have been \$206,727.

It is evident that applicant is confronted with a critical financial situation through no fault of its own but occasioned entirely by a very severe shortage of water, and it therefore appears, after a careful consideration of all the evidence, that applicant is entitled to such increased rates for water delivered to its consumers during the present irrigation season as will yield sufficient additional revenue to provide for the extraordinary expense of pumping and the loss in revenue due to the necessity of cutting off a large area of land for which no water supply is available.

It is now necessary to distribute reasonably and equitably the required increase in rates to be charged the various consumers in accordance with the crops irrigated and the amounts of water used.

By discontinuing service to some 4000 acres, an additional supply of water was made available for the use of the remaining area irrigated, and it appears that the resulting loss in revenue, amounting to \$25,879, is properly chargeable to the 16,134 acres of rice and the 11,672 acres of other crops so benefited in direct proportion to the total revenue which will be received in 1924 from the respective areas at the rates now in effect. By direct computation it appears that 80 per cent, or \$20,700 of the loss in revenue, is chargeable to the rice area and 20 per cent, or \$5,179, to the acreage in other crops. Dividing these amounts



by the respective acreages it appears that the increase necessary to cover the loss in revenue should be \$1.36 per acre for rice and 44 cents per acre for other crops.

It also appears reasonable that these amounts should be amortized over a period of years. If a four-year period is selected, these amounts become 34 cents per acre per year for rice and 11 cents per acre per year for other crops.

The cultivation of rice requires a continuous flow in the irrigation ditches in order that the land may be kept flooded during the growing season, and emergency pumping was resorted to in order to maintain the necessary flow and to save the crop from failure. If the rice area were not involved the water shortage problem could have been solved by rotation in deliveries of water and by reductions in the amounts furnished. It appears reasonable therefore that the total cost of emergency pumping, estimated at \$40,037, should be charged to the 15,134 acres of rice now under irrigation. This will amount to \$2.65 per acre.

The testimony shows that Sutter-Butte Canal Company has recently applied to the superior court of California for an order enjoining the Great Western Power Company of California and the Western Canal Company from interfering with the natural flow of the Feather River and thus depriving applicant of the natural flow to which it is entitled by virtue of prior rights on the stream. A decision in this matter was pending at the time of the submission of this supplemental petition, and on July 2 an injunction *pendente lite* was granted. It was urged at the hearing that the granting of such an injunction would make available to Sutter-Butte Canal Company an additional flow for the relief of the existing water shortage on the system, and thus reduce the expense of the emergency pumping. What results may be expected from the granting of this injunction can not be determined at this time, and it appears that any relief from such a source will be reflected in the actual pumping costs incurred, and applicant will be required to file with the Commission monthly statements of the actual cost of emergency pumping so that the Commission may later, by supplemental order, make such an adjustment of the emergency rates as is equitable.

At the hearing applicant requested permission to modify Rule IV of its present rules and regulations providing a penalty for delinquency in payments for service under its schedule of rates, so as to require ten days' written notice instead of the present thirty days' written notice. This change is reasonable under the circumstances and will be permitted for the present irrigation season.

The following form of order is submitted :

**ORDER ON SUPPLEMENTAL PETITION.**

Sutter-Butte Canal Company, a corporation, having made a supplemental petition in the above entitled proceeding, asking that it be authorized to establish and put into effect a schedule of increased rates to be charged consumers for the irrigation season of 1924, to reimburse it for certain extraordinary pumping costs and for losses in revenue due to the necessity of refusing service to approximately 4000 acres of land which had made application therefor, a public hearing having been held thereon, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the schedule of rates now charged by Sutter-Butte Canal Company, a corporation, for water delivered to consumers is inadequate to yield the revenue required to meet ordinary maintenance and operation expenses, depreciation annuity, and certain extraordinary expenses due to the necessity of extensive pumping operations, together with other financial requirements brought about by the existing water shortage and the emergency thus created, and that the emergency increase in rates herein established is a just and reasonable charge to be made by said applicant over and above the rates at present in effect.

Basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Sutter-Butte Canal Company, a corporation, be and it is hereby authorized and directed to file with this Commission within five (5) days from the date of this order, the following schedule of emergency rates to be charged consumers in addition to the schedule of rates at present in effect, the schedule of emergency rates so filed to be due and payable on or before fifteen (15) days from the date of this order:

*Emergency Increased Rates.*

To cover the loss in revenue due to water shortage:

For all areas of rice irrigated and charged for under Rate Schedules No. I, No. II and No. III, at present in effect, a total charge of \$1.36 per acre, 25 per cent of such total to be due and payable on or before 15 days from the date of this order and 25 per cent of such total to be due and payable on or before February first of the next succeeding three years.

For all areas of crops other than rice, irrigated and charged for under Rate Schedules No. I, No. II and No. III, a total charge of \$0.44 per acre, 25 per cent of such total to be due and payable on or before 15 days from the date of this order and 25 per cent of such total to be due and payable on or before February first of the next succeeding three years.

To cover extraordinary pumping expense incurred and to be incurred during the season of 1924:

For all areas of rice irrigated and charged for under Rate Schedules No. I, No. II and No. III, at present in effect, \$2.65 per acre, to be due and payable on or before 15 days from the date of this order.

Each of the foregoing emergency increased rates is in addition to the charges heretofore made or to be made for the season of 1924 under the rate schedules now in effect.

*It is hereby further ordered*, that applicant file with this Commission on or before the fifteenth day of each month during the present irrigation season a detailed statement showing the extraordinary pumping expense incurred during the preceding calendar month.

*It is hereby further ordered*, that Rule IV of the company's rules and regulations providing a penalty for delinquency in payments for service under its schedule of rates, shall be amended to read "ten days' written notice" instead of "thirty days' written notice," and that Rule No. IV as amended shall be in full force and effect during the remainder of the 1924 irrigation season.

The Commission hereby reserves the right to make any further order or orders in this proceeding as to it may appear from time to time meet and just.

The effective date of this order is hereby declared to be the twenty-sixth day of July, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of July, 1924.

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Decision No. 13800.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA  
EDISON COMPANY FOR AUTHORITY TO FILE AND MAKE EFFECTIVE  
NEW SCHEDULES PROVIDING FOR AN EMERGENCY  
INCREASE OF ELECTRIC RATES.

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Application No. 10143.

Decided July 11, 1924.

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BY THE COMMISSION.

**PRELIMINARY OPINION AND ORDER.**

The above entitled matter is an application of Southern California Edison Company for an emergency increase in electric rates to offset increased operating expenses resulting from a shortage of hydro-electric power which is, in turn, the result of drought. At a public hearing, the company introduced evidence showing the extent of the shortage in water power, with its effect upon operating expenses, and an adjournment was taken in order that representatives of consumers might have an opportunity to examine the company's evidence and prepare for cross-examination or rebuttal. The adjourned hearing has not yet been held.

The evidence so far presented in this matter and in Case No. 2013, which is an investigation on the Commission's own motion into the supply of power available and the method of its distribution among the consumers, indicates that for approximately five months, from and after June 15, 1924, Southern California Edison Company will be able to supply but approximately 75 per cent of the requirements of its electric consumers.

The Railroad Commission has appointed a power supervisor, under whose direction the plants of Southern California Edison Company and certain other electric utilities are to be operated, and who will supervise the distribution of available electricity among consumers. Under the direction of this power supervisor, the Edison Company has required its consumers to curtail their use of electricity, and has urged that all possible auxiliary sources of power be brought into use.

Certain of the rate schedules now in effect on the Edison system provide minimum charges which apply to consumers using less than the amount of energy covered by the minimum charge. These minimum charges contemplate a supply of available energy sufficient for all of the consumer's requirements, and it is clear that when such a supply is not available the consumer does not receive the full service for which the minimum charge is intended to compensate the company. The curtailment in the use of electricity is being administered upon the basis of a general reduction of 25 per cent of normal use, and it seems fair that a corresponding reduction should be made in minimum charges. There are, however, a few special uses of electric power where a 25 per cent reduction in use would involve a menace to public health or safety, and there are other uses where a reduction of more than 25 per cent can be made without hardship upon the individual consumer and with advantage to the community. It is impossible to enforce a strictly uniform curtailment of 25 per cent, and it would be correspondingly unfair to provide a strictly uniform reduction in minimum charges. Such conditions are taken care of in the following form of order:

#### ORDER.

The electric rates of Southern California Edison Company now being before the Railroad Commission in the above entitled matter for adjustment because of increased operating expenses brought about by a shortage of hydro-electric power, and the evidence before the Commission indicating that such shortage will result in the curtailment of service to electric consumers, and the Commission being of the opinion that modification in minimum charges should be made on account of such curtailment in service, and other good cause appearing;

11-33193

*It is hereby ordered, that—*

1. Effective with bills based on regular meter readings taken on and after July 15, 1924, and until further order, the minimum charges set forth in Schedules C-1, C-2, P-1, P-4, P-5, P-6 and P-11, now filed with this Commission by Southern California Edison Company, as applicable to each individual consumer, shall be reduced in the same proportion that it can be shown that his use of electricity has been curtailed, provided that in no case shall any minimum charge be reduced where there has been a curtailment of the use of power of less than 15 per cent.

2. In cases where a consumer operates an auxiliary source of power and thereby reduces his normal demand upon Southern California Edison Company for energy, the minimum charges provided in said schedules of rates shall be reduced during the period of operation of such auxiliary source of power and the pendency of this order, in the proportion that the use of energy from the system of the Southern California Edison Company is reduced from said normal demand by the operation of such auxiliary source of power.

3. The Railroad Commission hereby reserves the right at any time to make any further order or orders in the premises that may to it appear just and reasonable.

Dated at San Francisco, California, this eleventh day of July, 1924.

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DECISION No. 13801.

IN THE MATTER OF THE INVESTIGATION, UPON THE COMMISSION'S OWN MOTION, OF THE REASONABLENESS AND ADEQUACY OF FACILITIES AND OF THE REASONABLENESS OF THE RATES OF THE EAST BAY WATER COMPANY IN THE SERVICE OF WATER TO MUNICIPALITIES.

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Case No. 1977.

Decided July 14, 1924.

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RATES—WATER UTILITY—SERVICE TO MUNICIPALITIES.—The Commission having made an investigation upon its own motion into the reasonableness and adequacy of the facilities, and the reasonableness of the rates of East Bay Water Company in the service of water to municipalities, and having in a prior order directed the utility to install certain mains and pipes, held necessary to provide such service adequately, in the present order apportions the cost over a period of six years among the cities served.

*Leon E. Gran*, for City of Oakland.

*G. N. Richardson*, for City of Piedmont.

*Matthew C. Lynch*, City Attorney, and *Earl J. Sinclair*, Assistant City Attorney, for City of Berkeley.

*W. J. Locke*, City Attorney, for City of Alameda.

*J. Allison Bruner*, City Attorney, for City of San Leandro.

*D. J. Hall*, City Attorney, for City of Richmond.

*R. S. Hawley*, for City of Emeryville.

*E. O. Edgerton*, for East Bay Water Company.

*Miss M. A. Ross*, *in propria persona*.

*James H. Todd*, *in propria persona*.

SEAVEY, *Commissioner*.

**SUPPLEMENTAL OPINION.**

In this proceeding, on the Commission's own motion, regarding the adequacy of the facilities and the reasonableness of the rates of the East Bay Water Company in the service of water to municipalities for public use, public hearings were held on February 29 and March 7, 1924, evidence was submitted on behalf of the cities of Alameda, Berkeley, Oakland, Richmond, Piedmont, Emeryville and San Leandro, and on March 27, 1924, the Commission rendered Decision No. 13331 in which the East Bay Water Company was ordered to install certain large size mains or pipes in each of the various municipalities and reserved for later consideration the determination of the reasonable rate to be paid for public use through the added facilities required by this order. Additional hearings were held on March 27, April 17, April 28 and May 5, 1924, the matter has been submitted, and is now ready for final decision.

In establishing rates to be paid to East Bay Water Company by the municipalities for public service this Commission, in Decision No. 5534, dated July 1, 1918, in Case No. 1008, etc., stated:

The excess capacity of the water system that may be deemed justified by the necessity of providing for emergency demands such as that in fighting fire can not fairly be charged against regular consumers and paid for under cover of a unit rate for water.

I have separated out only part of the charge that could reasonably be collected from owners of property as distinguished from water users. The total amount of this charge is slightly more than one-tenth of the estimated income to be realized by the utility company. It is certain that the proportion of the public utility water system expense not essential in the delivery of water to individual consumers is much greater than this.

In Decision No. 6755, dated October 11, 1919, in Application No. 4841 and Case No. 1008, the Commission reaffirmed its stand regarding the rates for public service.

In Decision No. 10347, dated April 22, 1922, in Cases Nos. 1620, 1623, 1633, 1634 and 1636, and in Applications Nos. 4841 and 7187, the Commission stated:

In previous decisions the Commission has pointed out that in order to furnish adequate protection against fire it is necessary to install facilities of greater capacity than are required to supply the ordinary domestic and industrial demands of consumers; that such protection against fire is a direct benefit to the communities; and that the excess capacity of the water system which may be deemed justified by the necessity of providing for these emergency demands can not fairly be charged against regular consumers and paid for under cover of an increase in the unit rates for water consumed for domestic and industrial purposes.

In the decisions referred to it is plainly evident that the Commission considered the total revenues which the utility is entitled to receive are to be borne by two distinct classes of consumers who receive benefit from the service rendered. The first class is composed of the users of water for domestic and industrial purposes, and the second class is

composed of the general public who derive benefit from the use of water by the municipalities for parks, public buildings, schools, fire protection service, and other uses of like character. The first class of consumers makes payment directly to the utility as individuals, their bills being computed in direct ratio to the amount of water consumed by each. The second class makes payment for the benefits derived through the municipalities, the money being secured through taxes levied upon the entire community. In case of the use of water for parks, public buildings, schools, and other similar uses, the bills can be computed at the regular meter rates. In case of fire protection service the Commission has definitely found that the quantity of water used, which may be comparatively small, is not an equitable measure of the benefit derived, largely on account of the capacity of the pipe system and other facilities in excess of the capacity required to supply the domestic and industrial users of water.

In regard to this phase of the situation the Commission, in Decision No. 6755, stated:

Admittedly it is difficult to equitably distribute the expense of maintaining and operating a system such as this among the various consumers in proportion to the benefits derived by each. An exact allocation of the cost to the company of rendering a service such as is rendered to the cities is impossible. The amount of water used is not a proper measure, because the demand for fire purposes is wholly unexpected and the company must stand ready to deliver a large quantity of water within a short period at any point where the fire may occur. This has been designated a "readiness to serve" or "standby" service. This utility is rendering a valuable service to the municipality and its taxpayers which requires an investment and operating expense largely in excess of what would be required if domestic and industrial consumers only were served.

In the present proceeding the same difficulty of an equitable allocation of charges between the domestic and industrial consumers on the one hand, and the municipalities on the other, is encountered. In fact this difficulty is responsible for the only controversy in the entire proceeding, which is the amount of the charge to be levied against the various East Bay cities on account of the pipe installation provided for in Decision No. 13331.

The claim is advanced by certain of the municipalities that a very large proportion of the capacity of the mains to be installed will be absorbed immediately in the service of domestic and industrial consumers. East Bay Water Company on the other hand contends that its present distribution system is capable, except in some isolated instances, of supplying all demands of domestic and industrial consumers for some time to come and that there is no necessity for enlargement of pipe facilities except for the demands of the municipalities for additional fire protection service.

Pressure tests, at various points on the present distribution system of the utility, taken by William Stava and H. A. Noble, two of the Commission's hydraulic engineers, indicate that pressures are sufficient

for adequate service to consumers. Attention is called to the fact that the pressure tests were taken in locations where the most unfavorable results as to adequacy of service were to be expected. Although counsel for the city of Oakland maintained that these pressure tests indicate static conditions and are not therefore correct indications of the pressures prevailing when water is being freely used by consumers, the evidence shows that in practically all cases sprinkling of lawns was in progress in the immediate vicinity at the time the tests were made.

Inquiry at dwellings located on streets where the pressure tests were in progress showed that while there was in some instances a reduction in pressure during the hours of maximum sprinkling of lawns there was practically no complaint against the service rendered.

A careful consideration of the evidence submitted leads to the conclusion that the distribution pipe system of East Bay Water Company as it now exists is generally of sufficient capacity to care for the present demands of domestic and industrial consumers. It is evident that a portion of the increased facilities provided for in Decision No. 13331 will with the growth of the utility's business be absorbed and be required for the service of these consumers. This condition will be provided for in the rate to be established herein.

The city of Alameda desires the installation of approximately 34,000 feet of pipe ranging in size from 6 to 20 inches in diameter and estimated to cost about \$149,000. This pipe will replace mains from 1 to 6 inches in diameter having a total length of about 32,000 feet. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased approximately thirty-four times. East Bay Water Company has completed the installation of a greater part of the pipe desired by the city of Alameda in accordance with the terms of a contract between the two parties which provided for an annual charge against the city of 8 per cent of the actual cost of labor and materials, plus 10 per cent for overhead charges. The contract also provides for an adjustment of charges at any time by this Commission.

Revised figures show that the city of Berkeley desires the installation of approximately 149,000 feet of pipe ranging in size from 6 to 20 inches in diameter at a total estimated cost of about \$467,000. This pipe will replace mains from 1½ to 6 inches in diameter having a total length of about 121,000 feet, and will provide for the installation of approximately 28,000 feet of pipe where none exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased thirty-five times, approximately. At the hearing East Bay Water Company desired to substitute 16 and 20 inch riveted steel mains for certain 6, 8, 10 and 12 inch cast-iron pipes desired by the city of Berkeley and pro-



vided for in the order in Decision No. 13331. The evidence shows that the 16 and 20 inch mains will cost slightly less than those originally proposed by the city. The city of Berkeley has agreed to these changes in the schedule of pipe to be installed, and the following order will provide for such modifications of the Commission's previous order as are necessary to secure the desired results.

The city of Oakland desires the installation of approximately 191,000 feet of pipe ranging in size from 6 to 24 inches in diameter at a total estimated cost of about \$690,000. This pipe will replace mains from 2 to 15 inches in diameter having a total length of about 158,000 feet, and will provide for the installation of approximately 33,000 feet in locations where no pipe exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased forty-four times approximately.

Revised figures submitted by the city of Richmond show that the city desires the installation of approximately 86,000 feet of pipe ranging in size from 8 to 16 inches in diameter at a total estimated cost of about \$306,000. This pipe will replace mains from 2 to 6 inches in diameter having a total length of about 56,000 feet and will provide for the installation of approximately 30,000 feet in locations where no pipe exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased approximately twenty-five times. A portion of the pipe desired by the city of Richmond has been installed by East Bay Water Company in accordance with the terms of a contract between the two parties similar in almost all respects to the contract mentioned previously between East Bay Water Company and the city of Alameda.

Revised figures submitted by the city of Emeryville show that the city desires the installation of approximately 3900 feet of pipe of 6 and 8 inch diameter, at a total estimated cost of about \$11,000. This pipe will replace mains of 2-inch diameter having a total length of about 2100 feet and will provide for the installation of 1800 feet in locations where no pipe exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased approximately twenty-four times.

The city of Piedmont desires the installation of approximately 15,600 feet of 6 and 8 inch pipe at a total estimated cost of about \$39,000. This pipe will replace mains from 2 to 6 inches in diameter having a total length of approximately 12,000 feet and will provide for the installation of about 3600 feet in locations where no pipe exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased approximately fifteen times.

The city of San Leandro desires the installation of approximately 19,600 feet of pipe of 6, 8 and 12 inch diameter at a total estimated cost of about \$52,000. This pipe will replace mains ranging from  $\frac{3}{4}$  inch to 4 inches in diameter having a total length of about 12,600 feet, and will provide for the installation of approximately 7000 feet in locations where no pipe exists at the present time. Computations of relative carrying capacity of the proposed pipes indicate that the capacity of the pipes replaced will be increased approximately twenty-eight times.

The mains desired by the various municipalities as set out in the preceding paragraphs form part of a general plan for the enlargement of pipe facilities proposed by East Bay Water Company several years ago in response to a demand by the municipalities for additional fire protection facilities. The general plan was submitted to the officials of the various municipalities and substantial agreement as to the details of sizes and capacities was obtained. The plan also had the endorsement of the chiefs of the various fire departments. Owing to various difficulties affecting the installation of these increased facilities the municipalities, with the exception of the cities of Alameda and Richmond, did not enter into contracts or agreements providing for the projected construction. East Bay Water Company, however, proceeded with the installation of mains of large size and capacity in the various municipalities, and as an instance of such installation had constructed approximately 81,800 feet of pipe ranging from 6 to 30 inches in diameter in the city of Oakland as of December 31, 1923. This pipe replaced or paralleled 56,450 feet of pipe ranging in size from 2 to 16 inches in diameter, and in addition an installation of 25,350 feet of 6, 12 and 30 inch pipe was made in localities where no pipe had previously existed. Computations as to the relative carrying capacity of these new mains indicate an increase of approximately ninety-three times the capacity of the pipes which were replaced or paralleled. The evidence in the proceeding indicates that the large-sized mains referred to above were not required in their entirety to furnish adequate service for the present domestic and industrial use.

The total cost of the proposed installation of large-sized pipe lines in all municipalities affected is estimated at approximately \$1,714,000. Owing to the fact that various mains in the present distribution system of East Bay Water Company will be replaced by the proposed large-sized pipe lines, there will be certain reductions from the investment of the utility which the evidence shows will total about \$139,000. The replacement of these pipe lines will also result in a reduction of the present annual public use charges to the municipalities amounting to approximately \$1,900.

An investigation by William Stava, one of the Commission's hydraulic engineers, the results of which were placed in evidence in this proceed-

ing, indicates that during the year 1923 the revenues of East Bay Water Company were sufficient to cover maintenance and operation expense, depreciation annuity, and in addition to provide a net revenue which was equivalent to a return of 7.34 per cent upon a reasonable rate base. Such a rate of return is not excessive.

At the hearing in this matter East Bay Water Company proposed that the annual charges against the municipalities on account of the construction of the increased facilities should be computed upon the following basis:

For the first year following construction the charges against the various municipalities to be 8 per cent of the actual cost of the necessary labor and material, plus 10 per cent for general overhead, this charge to be decreased 1 per cent for each year thereafter until such time as the total charge becomes equivalent to the present public use charge assessed against these municipalities for mains of sufficient size to afford fire protection service.

A careful consideration of the evidence in this proceeding including the rate of return earned by this utility during the year 1923, the probable increase in its business, the depreciation to be expected in the extraordinary additional facilities here proposed, the fact that maintenance and operation costs will not be decreased through the construction of said facilities, the probable normal construction of this nature which might reasonably be expected, and such other and further considerations as were raised during this proceeding which might in any manner affect the rates to be established herein, has led us to the opinion that this suggested method of fixing and assessing rates for such construction is, in general, a proper one, and should be adopted in principle. It is our opinion, however, that the rate to be assessed upon this extraordinary construction should be the "public use charge" that would be assessed were this an ordinary and normal construction, together with an additional factor or surcharge to be added thereto in such amount as to net the utility during the first year after any particular construction a total of 8 per cent of the actual cost of such construction; and it is further our opinion that the amount of this surcharge should be decreased each year following the first in such manner as to be entirely eliminated at the end of six years, leaving thereafter only the ordinary public use charge to be assessed to such construction. We believe that by this surcharge this utility will be properly compensated for the extraordinary factors and expenses connected with the proposed construction, and that the gradual reduction of such surcharge to the level of public use charges upon ordinary and to be expected construction will provide for a proper period during which the total normal construction of this nature will merge with and approximately equal the amount of these extraordinary expenditures.

The schedule of rates fixed herein will, therefore, adopt and continue in full force and effect the present schedule of charges for public or

municipal uses, as set forth in our Decision No. 6755 rendered on October 11, 1919. Our order will further provide that the public use charges which under said schedule would normally apply upon pipe construction of the nature and amount here in question shall be applied to this extraordinary construction, and that in addition thereto, there shall be assessed during the first year after construction a surcharge or additional public use charge equal to the difference between the rate thus computed and a sum equal to 8 per cent of the actual cost of the construction in question. Our order will further provide that this surcharge shall be decreased each year by an amount equal to 16.66 per cent of the first year surcharge, thus eliminating the surcharge altogether at the end of the sixth year. It will be provided that, for the purpose of this order, actual cost shall be taken and understood to mean the cost of all necessary labor and material involved in such construction, plus 10 per cent of such cost for general overhead.

The attention of the Commission has been called to certain inaccuracies in the schedules of pipe to be installed as set out in Decision No. 13331. The order herein will, therefore, provide such modifications in these schedules as are necessary.

The following form of order is submitted:

#### ORDER.

The Commission having made an investigation upon its own motion into the reasonableness and adequacy of facilities and the reasonableness of the rates of East Bay Water Company in the service of water to municipalities, public hearings having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter;

*It is hereby ordered*, that the schedule of rates entitled "Public use charge" established by this Commission in its Decision No. 6755, rendered on October 11, 1919, in those certain proceedings entitled and numbered as follows:

In the Matter of the Application of East Bay Water Company to adjust and fix water rates, Application No. 4841.

In the Matter of the Commission's Investigation into the Rates, Rules and Regulations of People's Water Company. (*In re* protests of certain East Bay cities against the reimposition of charges for municipal service.) Case No. 1608.

be, and the same is hereby ratified, approved and continued in full force and effect, and the public use charges which would be applicable under said schedule for service to be rendered by East Bay Water Company to the cities of Alameda, Berkeley, Oakland, Richmond, Piedmont, Emeryville, and San Leandro, through the pipe lines, or any of them, constructed, or to be constructed in accordance with this Commission's order and Decision No. 13331, rendered in this proceeding on

March 27, 1924, are hereby expressly declared applicable to, and to be charged upon, for and on account of such construction; and

*It is hereby further ordered*, that during the period of six years next following any of such construction East Bay Water Company shall charge and collect from said municipalities a surcharge to be computed as follows:

During the first year, the difference between said public use charges and a sum equal to 8 per cent of the actual cost of the particular construction in question;

During the second year, a sum equal to 83.33 per cent of said difference;

During the third year, a sum equal to 66.66 per cent of said difference;

During the fourth year, a sum equal to 50 per cent of said difference;

During the fifth year, a sum equal to 33.33 per cent of said difference;

During the sixth year, a sum equal to 16.66 per cent of said difference;

provided, that for the purpose of this order such actual cost shall be taken and understood to mean the cost of all necessary labor and material involved in said construction, plus 10 per cent of such cost for general overhead expense.

*It is hereby further ordered*, that on or before the fifteenth day of each month East Bay Water Company shall furnish a report to this Commission setting forth the length, size, location and actual cost of all pipe installed in each municipality, in compliance with the orders in this proceeding. Copies of such monthly reports shall be furnished by East Bay Water Company to each of the municipalities interested.

*It is hereby further ordered*, that Exhibits "B," "D" and "F," attached to and made a part of this Commission's Decision No. 13331, be and the same are hereby modified to provide for the installation of the pipe lines described in amended Exhibit "B," amended Exhibit "D" and amended Exhibit "F," attached hereto and made a part hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourteenth day of July, 1924.

## AMENDED EXHIBIT "B."

## CITY OF BERKELEY.

Street	Between	Approximate length, feet	Size and kind
Harrison	Fourth and Second	680	6" C. I.
Colman	Fourth and Second	680	6" C. I.
Page	Sixth and Second	1,340	6" C. I.
Cedar	California and McGee	680	6" C. I.
Virginia	Fourth and Second	680	8" C. I.
Virginia	San Pablo and Fourth	2,280	8" C. I.
Virginia	California and San Pablo	3,900	16" R. S.
Virginia	California and Grant	1,320	6" C. I.
Virginia	Milvia and Shattuck	680	6" C. I.
Berkeley	Grant and Shattuck	2,050	10" C. I.
Berkeley	Grove and Grant	670	8" C. I.
Bancroft	Fourth and San Pablo	2,280	8" C. I.
Bancroft	Sacramento and California	660	6" C. I.
Bancroft	Oxford and Telegraph	1,660	10" C. I.
Bancroft	Telegraph and Bowditch	660	8" C. I.
Channing	Milvia and Shattuck	750	8" C. I.
Parker	Third and San Pablo	2,580	8" C. I.
Parker	Hillegas and Benvenue	380	6" C. I.
Stuart	Grove and Ellsworth	2,800	8" C. I.
Snyder	Third and fourth	340	8" C. I.
Russell	Telegraph and College	1,860	8" C. I.
Ashby	San Pablo and Acton	1,600	8" C. I.
Ashby	Acton and Sacramento	670	6" C. I.
Ashby	California and Ellis	1,100	6" C. I.
Foger	Seventh and San Pablo	1,330	8" C. I.
Prince	Adeline and Telegraph	2,800	8" C. I.
Woolsey	California and Adeline	1,850	8" C. I.
Woolsey	College and Claremont	1,270	6" C. I.
Thousand Oaks	Peralta and The Alameda	1,250	6" C. I.
Walk	Cabrillo and The Alameda	500	6" C. I.
Peralta	Solano and Colusa	2,100	6" C. I.
Montrose	Santa Barbara and Spruce	350	6" C. I.
Santa Barbara Road	Montrose to Northhampton Avenue	1,220	6" C. I.
San Luis	Montrose to Indian Rock	1,340	6" C. I.
Spruce	Regal to Halkin	1,350	8" C. I.
Solano	Fresno to The Alameda	280	10" C. I.
Fresno	Sonoma to Solano	2,180	10" C. I.
Sonoma	Josephine to Fresno	370	10" C. I.
Sonoma	Fresno to Colusa	370	6" C. I.
Colusa and Posen	Sonoma to Posen	1,250	6" C. I.
Hopkins	Rose to The Alameda	5,450	6" C. I.
Milvia	Rose to Hopkins	1,980	6" C. I.
Milvia	Channing to University	2,350	8" C. I.
Euclid	Milvia to Walnut	1,000	6" C. I.
Walnut	Rose to Euclid	1,330	16" R. S.
Walnut	Euclid to Shattuck	850	16" R. S.
Shattuck	Terrace Walk to Los Angeles	570	6" C. I.
Cedar	Oxford to Euclid	1,700	6" C. I.
Terrace Walk	Shattuck and Marin	1,300	16" R. S.
Cedar	Euclid to Leroy	680	8" C. I.
Hearst	Shattuck to Oxford	670	10" C. I.
Hearst	Oxford to Spruce	300	12" C. I.
Hearst	Leroy to La Loma	500	8" C. I.
Spruce	Hearst and Rose	3,000	12" C. I.
Spruce	Rose and Sumner	1,000	6" C. I.
Scenic	Cedar and La Conte	1,150	6" C. I.
Euclid	Buena Vista and Hawthorne	760	6" C. I.
Vine	Euclid and Hawthorne	320	6" C. I.
Leroy	Cedar and Hearst	1,830	8" C. I.
Shattuck	Addison and Allston	710	10" C. I.
Addison	Shattuck and Oxford	450	10" C. I.
Oxford	Hearst and Allston	1,650	10" C. I.
Atherton	Allston and Bancroft	670	10" C. I.
Allston	Oxford and Atherton	200	10" C. I.
Ellsworth	Carlton and Dwight	1,020	8" C. I.
Ellsworth	Prince and Ashby	800	8" C. I.
Dana	Bancroft and Durant	330	6" C. I.
Hillegas	Russell and Parker	2,000	8" C. I.
Prospect	Dwight and Canon Road	1,300	6" C. I.
Claremont Boulevard	Claremont and Garber	1,700	6" C. I.
Claremont Road	Claremont and Garber No. 2	1,750	6" C. I.
Claremont Road	Claremont Road and Claremont	700	6" C. I.
Walk	The Uplands and Hillcrest Road	375	6" C. I.
Hillcrest Road	Walk and Uplands	1,100	6" C. I.
The Uplands	Hillcrest Road and Tunnel Road	1,630	6" C. I.

## AMENDED EXHIBIT "B"—Continued.

## CITY OF BERKELEY—Continued.

Street	Between	Approximate length, feet	Size and kind
Tunnel Road.....	Uplands and Short Cut.....	1,040	6" C. I.
Adeline.....	Sixty-second Street and Alcatraz.....	750	6" C. I.
Adeline.....	Alcatraz and Prince.....	1,500	8" C. I.
Grant.....	Rose and Carlton.....	7,600	16" R. S.
California.....	Virginia to Sixty-second Street.....	10,580	16" R. S.
California.....	Virginia and Cedar.....	660	6" C. I.
Acton.....	Alcatraz and Ashby.....	2,250	8" C. I.
Acton.....	Ashby and Russell.....	620	6" C. I.
Mabel.....	Carlton and Dwight.....	1,820	8" C. I.
Bonar.....	Dwight Way and Channing.....		
Bonar.....	Channing and University.....	2,300	6" C. I.
Seventh.....	Snyder and Parker.....	1,880	6" C. I.
Fourth.....	Parker and Dwight Way.....	650	6" C. I.
Fourth.....	Camelia and North City Limits.....	1,850	6" C. I.
Third.....	Snyder and Parker.....	1,900	8" C. I.
Eucld.....	Eunice and Keith.....	1,500	6" C. I.
College.....	Channing and Bancroft.....	660	12" C. I.
Vine.....	Hawthorne and Scenic.....	300	6" C. I.
Bancroft.....	College and Piedmont.....	660	12" C. I.
Piedmont.....	Back of University.....	1,320	12" C. I.
Eucld.....	Marin.....	10,000	6" C. I.
Sixty-second.....	California and Grove.....	1,330	20" R. S.
Channing.....	California and Acton.....	1,200	6" C. I.
Chestnut.....	University and Virginia.....	1,650	6" C. I.

NOTE: C. I. indicates Cast Iron Pipe.

R. S. indicates Riveted Steel Pipe.

## AMENDED EXHIBIT "D."

## CITY OF RICHMOND.

Street	Between	Approximate length, feet	Size and kind
Morgan Avenue	Richmond Res.	600	8" C. I.
Water	Richmond Avenue and Santa Fe Avenue	400	8" C. I.
Santa Fe	Water and Bishop	300	8" C. I.
Bishop	Santa Fe and Washington	500	8" C. I.
Washington	Bishop and Richmond	1,400	8" C. I.
Richmond	Washington and Alvarado	1,700	8" C. I.
Alvarado	Richmond and Scenic	500	8" C. I.
Scenic	Alvarado and A. T. and S. F. Ry.	1,600	8" C. I.
Vine	A. T. and S. F. Ry. and Washington	700	8" C. I.
Railroad	Richmond and Standard	1,050	12" C. I.
Seventh	Lucas and Pennsylvania	550	8" C. I.
Pennsylvania	Seventh and Turpin	750	8" C. I.
Turpin and Fifth	Pennsylvania and Nevin	2,200	8" C. I.
Fourth	Nevin and Chanslor	1,700	8" C. I.
Chanslor	Fourth and Espel	5,100	10" C. I.
Espel	Twenty-first and Twenty-third	1,000	10" C. I.
Twenty-third	A. T. and S. F. and Pullman	200	10" C. I.
Third	Ohio and Main	1,000	8" C. I.
Main	Third and Seventeenth	3,700	8" C. I.
Main	Seventeenth and Twenty-eighth	3,200	8" C. I.
Twenty-eighth	S. P. R. of W. and Pullman	200	8" C. I.
Clinton	Tenth and Twelfth	550	8" C. I.
Twelfth	Clinton and Macdonald	2,400	8" C. I.
Pine Avenue	Twenty-third and Twenty-sixth	1,100	8" C. I.
Twenty-sixth	Pine and Market	600	8" C. I.
Roosevelt	Portola and Twenty-third	2,300	8" C. I.
Gaynor	Twenty-third and Eighteenth	1,400	8" C. I.
Eighteenth	Gaynor and Roosevelt	1,700	8" C. I.
Nevin	Twenty-first and Twenty-third	600	8" C. I.
Esmond	Twenty-third and San Pablo	5,300	8" C. I.
Clinton	Twenty-third and Thirtieth	2,600	8" C. I.
Thirtieth	Esmond and Grant	1,300	8" C. I.
Grant	Thirtieth and Twenty-ninth	300	8" C. I.
Twenty-ninth	Grant and Barrett	1,500	8" C. I.
Barrett	Twenty-third and Thirtieth	2,300	8" C. I.
Barrett	Thirtieth and Wilson	4,000	8" C. I.
Barrett	Wilson and San Pablo	300	8" C. I.
Macdonald	Twenty-third and Thirty-second	2,600	12" C. I.
Macdonald	Thirty-second and Wilson	4,200	12" C. I.
Macdonald	Wilson and San Pablo	300	12" C. I.
Thirty-seventh	Macdonald and Wall	2,200	8" C. I.
South	Pullman and Beck	700	8" C. I.
South	Beck and Wall	300	8" C. I.
Wall	South and Forty-seventh	3,200	8" C. I.
Wall	Forty-seventh and San Pablo	1,500	8" C. I.
Forty-fifth	Wall and Willow	2,300	8" C. I.
Forty-fifth	Willow and Potrero	200	8" C. I.
Cypress	Forty-seventh and Fiftieth	1,200	8" C. I.
Fiftieth	Cypress and Bay View	1,600	8" C. I.
Bay View	Fiftieth and San Pablo	3,000	8" C. I.
Seventh	Nevin and A. T. and S. F. R. W.	2,000	8" C. I.
A. T. and S. F. R. W.	Seventh and Richmond Pump	2,000	8" C. I.
Tenth	Nevin and Macdonald	450	16" R. S.
Barrett	Twelfth and Fifteenth	800	10" C. I.

NOTE—C.I. indicates Cast Iron Pipe.  
R.S. indicates Riveted Steel Pipe.

## AMENDED EXHIBIT "F."

## TOWN OF EMERYVILLE.

Street	Between	Approximate length, feet	Size and kind
Green Street	Sixty-third Street and Berkeley Line	1,950	6" C. I.
Sixty-third Street	Doyle Street and Oakland Lane	510	6" C. I.
Hollis and Green	South of Powell	700	6" C. I.
Forty-seventh Street	San Pablo and Adeline	710	6" C. I.

NOTE—C.I. indicates Cast Iron Pipe.



## DECISION No. 13808.

IN THE MATTER OF THE APPLICATION OF VALLEY TELEPHONE COMPANY (LASSEN TELEPHONE COMPANY), F. B. AND L. D. HOFFMAN, OWNERS, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA, GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING THE REESTABLISHMENT OF TELEPHONE SERVICE IN CERTAIN PORTIONS OF LASSEN COUNTY, CALIFORNIA, AUTHORIZING THE EXERCISE OF FRANCHISE RIGHTS AND PRIVILEGES CONFERRED BY FRANCHISE GRANTED BY THE BOARD OF SUPERVISORS OF LASSEN COUNTY ON JANUARY 4, 1912, TO HONEY LAKE VALLEY MUTUAL TELEPHONE ASSOCIATION, ITS SUCCESSORS AND ASSIGNS, AND AUTHORIZING THE ESTABLISHMENT OF RATES, RULES AND REGULATIONS.

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Application No. 10093.

Decided July 15, 1924.

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*A. L. Wilson and F. B. Hoffman, for Applicant.*

BY THE COMMISSION.

**OPINION.**

In this proceeding F. B. and L. D. Hoffman, owners of Valley Telephone Company, request this Commission to grant them a certificate of public convenience and necessity requiring them to commence public telephone utility operations within the territory previously served by the Honey Lake Valley Mutual Telephone Association and to exercise the rights and privileges conferred by a franchise granted by the boards of supervisors of Lassen County to Honey Lake Valley Mutual Telephone Association, and to render telephone service under rates, rules and regulations as set forth in the application and for such further order as may seem proper.

A public hearing in this matter was held before Examiner Satterwhite in Susanville on July 11, 1924, at which time evidence was received and the matter was submitted.

The original application in this proceeding was made under the name of Valley Telephone Company, F. B. and L. D. Hoffman, owners. In the hearing applicants requested that their application be amended in that the name be changed to Lassen Telephone Company, F. B. and L. D. Hoffman, owners. This request was granted.

Applicants in this proceeding are the same parties who owned and formerly operated the Honey Lake Valley Mutual Telephone Association which discontinued operations as a public utility on March 1, 1924. Authority for such procedure was granted by this Commission to Honey Lake Valley Mutual Telephone Association in Decision No. 12997, dated January 9, 1924 (24 C. R. C. 304), after a public hearing in this matter in which it was shown that applicant was unable to earn operating expenses under the then existing rates and that the subscribers were unwilling to pay any increase in rates.

The subscribers heretofore served by the Honey Lake Valley Mutual

Telephone Association have now been without telephone service for a period of approximately four months and finding the use of the telephone an essential service, and that without this service they are greatly inconvenienced, they have advised Mr. Hoffman that if he would reestablish telephone service that they would be willing to pay increased rates.

The territory which Lassen Telephone Company serves is identical with the territory heretofore served by the Honey Lake Valley Mutual Telephone Association and the service to be furnished is the same service heretofore rendered. The lines and equipment of the Honey Lake Valley Mutual Telephone Association are still in place and applicants state that they are able to commence operations, if authority is so granted, within a period of a few days. Applicants have made arrangements with the Nevada, California and Oregon Telephone and Telegraph Company whereby the latter company will furnish toll and telegraph service to applicants' subscribers and to the public.

No objections to the granting of the request of applicants were made at the hearing and there was evidence by various parties to the effect that applicants should be allowed to commence operations as a public utility and to render telephone service under the rates which applicant proposes in order that the people of the various towns, which applicants propose to serve, might have adequate telephone service at the earliest possible date.

From the evidence submitted in connection with this proceeding and in Application No. 9479, it appears that the net return for interest under the rates proposed by applicants will not exceed 5 per cent on a reasonable rate base of applicants' properties. There also appears to be no reason why applicants should not now be allowed to commence operations as a public utility and to render telephone service under the rates, rules and regulations which they propose. Accordingly the order following will provide that applicants commence operations as a public utility and that telephone service will be available from and after July 21, 1924.

#### ORDER.

F. B. and L. D. Hoffman, owners of Lassen Telephone Company, having requested this Commission for an order granting a certificate of public convenience and necessity requiring it to operate as a public telephone utility and to render telephone service throughout the territory heretofore served by the Honey Lake Valley Mutual Telephone Association under rates, rules and regulations as requested in its application, and for such further order as may seem proper to this Commission, a public hearing having been held, the Railroad Commission having fully considered all evidence in this proceeding, and the matter now being ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require applicants to operate the system formerly known as Honey Lake Valley Mutual Telephone Association as a public utility and to render telephone service throughout the territory heretofore served by Honey Lake Valley Mutual Telephone Association.

Basing its order on the foregoing findings of fact and upon other findings of fact contained in the opinion preceding this order;

*It is hereby ordered*, that Lassen Telephone Company, F. B. and L. D. Hoffman, owners,

(1) Render exchange telephone service to applicants requesting such service on or after July 21, 1924.

(2) Charge and collect the rates, as set forth in Exhibit "A" attached hereto, for exchange telephone service rendered on and after July 21, 1924.

(3) File with the Railroad Commission, on or before September 15, 1924, rates as set forth under section 2 above.

(4) File with the Railroad Commission, on or before September 15, 1924, rules and regulations to govern service as may be informally approved by it.

(5) Render telephone service, in accordance with the rules and regulations as set forth in Applicants' Exhibit "B" in their application in this proceeding, on and after July 21, 1924, and up to the time of the acceptance of rules and regulations, as set forth under section 4 above.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this fifteenth day of July, 1924.

## EXHIBIT "A."

### SCHEDULE No. 1.

#### General Service.

The following schedule applies to business and residence exchange service rendered throughout the entire territory served.

Service under this schedule is to be used only by a subscriber and members of his immediate family.

Rate.	Business service	Rate per month	
		Wall sets	Desk sets
Party line .....		\$4 00	\$4 25
Inside extension sets .....		1 00	1 25
Residence service			
Party line .....		\$3 00	\$3 25
Inside extension sets .....		1 00	1 25

#### Conditions.

##### a Discount--

The above party line rates are subject to a discount of 50 cents if the bill is paid in advance on or before the fifteenth day of the month.

##### b Party line service--

Not more than fifteen primary stations will be connected to any one line.

##### c Outside extension sets--

Outside extension sets will be charged for at the rates quoted above for party line stations.

**SCHEDULE No. 2.****Pay Station Service and Nonsubscriber Local Switching Service.**

Pay stations will be provided at suitable locations for toll service and for local switching service.

Toll calls placed at pay stations will take the standard toll rates of the Nevada, California and Oregon Telegraph and Telephone Company and its connecting companies.

For all local calls placed at pay stations, and for all local calls placed by non-subscribers at subscribers' stations, a local switching charge of 25 cents, unlimited, will be made. This 25 cents charge does not apply to toll calls.

**SCHEDULE No. 3.****Supplemental Equipment.**

Supplemental equipment installed under the following rates will be maintained by the company at its own expense.

Class of service	Installation charge	Rate per month
Ordinary extension bell-----	\$1 50	\$0 25

**DECISION No. 13810.**

IN THE MATTER OF THE APPLICATION OF J. M. ATTHOWE, DOING BUSINESS UNDER THE FICTITIOUS NAME OF BERKELEY TRANSPORTATION COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE VESSELS ON THE SAN FRANCISCO BAY, BETWEEN SAN FRANCISCO AND THE STATE PRISON AT SAN QUENTIN.

Application No. 10218.

Decided July 18, 1924.

*Gwyn H. Baker*, for Applicant.

MARTIN, *Commissioner*.

**OPINION.**

J. M. Atthowe, doing business under the fictitious name of Berkeley Transportation Company, applies for a certificate of public convenience and necessity under the provisions of subsection (d) of section 50 of the Public Utilities Act authorizing the operation of vessels for the transportation of property for compensation upon the inland waters of the State of California, between San Francisco and San Quentin prison.

Applicant has been carrying on the class of transportation hereinabove mentioned since 1919 with the exception of one year. The majority of this transportation is handled under contract with the State of California. This contract provides rates for the transportation of necessary prison supplies secured in San Francisco and transported to San Quentin and products of the prison transported from San Quentin to San Francisco. As regards commodities transported under the contract, applicant is not engaged in the operation of vessels as a common carrier. However, there is considerable property transported, transportation charges being paid for by parties other than the State of California, particularly with reference to shipments of prison supplies sold f.o.b. San Quentin. As regards the transportation of these commodities, applicant is operating as a common carrier between the points hereinabove mentioned, and due to the fact that he had

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failed to file tariffs covering this operation the present application for a certificate was made necessary.

The rates proposed in Exhibit "A" attached to the application herein range from 25 cents for first-class to 10 cents for "E" class. Heretofore applicant charged approximately 20 cents for classes 1 to 3 and 15 cents for classes 4 to "E." While the schedule proposed will result in increases in several classes, the majority of freight moving will fall under classifications 4 and 5, which cover over 75 per cent of the total traffic. Heretofore this classification took a 15-cent rate; the rates proposed are 15 cents for class 4 and  $12\frac{1}{2}$  cents for class 5. Class 4 remains the same and class 5 is reduced  $2\frac{1}{2}$  cents. Classes "A" and "B" as proposed are  $12\frac{1}{2}$  cents, and "C," "D" and "E" 10 cents. All of these classes show a reduction from the rates heretofore charged, namely 15 cents per hundred. The proposed rates for classes 1, 2 and 3 are, respectively, 25 cents, 21 cents and  $17\frac{1}{2}$  cents. The charges under these classes were heretofore assessed at 20 cents. As will be noted, classes 1 and 2 will be increased, while class 3 will be reduced.

The testimony of applicant was to the effect that less than 15 per cent of the total freight moved falls within the first three classifications and that the proposed rates as a whole will result in a reduction in total revenue secured under this schedule as now offered.

No one appeared in opposition to the granting of the certificate as applied for and in view of the fact that applicant holds a contract with the State of California for the transportation of various commodities to and from San Quentin prison, in connection with which he is obliged to operate a regular service once a week, together with such additional schedules that might be required for the convenience of the prison, I am of the opinion that the present application should be granted.

I submit the following form of order:

#### ORDER.

A public hearing having been held in the above entitled application, evidence submitted, and the matter now being ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by J. M. Atthowe, doing business under the fictitious name of Berkeley Transportation Company, of vessels for the transportation of property, for compensation, as a common carrier upon the inland waters of the State of California between San Francisco and San Quentin prison.

*It is hereby ordered*, that a certificate of public convenience and necessity be and the same is hereby granted, subject to the following conditions:

1. That applicant shall file within a period of not to exceed ten (10) days from date hereof his written acceptance of the certificate herein granted, and shall file within a period of not to exceed twenty (20) days from date hereof, in duplicate, tariff of rates identical with rates set forth in Exhibit "A" attached to the application herein, which rates shall be governed by rules and regulations as now on file with the Railroad Commission of the State of California, covering the service of applicant herein between San Francisco and Berkeley, California.

2. Service under the certificate herein granted shall not be discontinued unless written authorization of the Railroad Commission authorizing such discontinuance has first been secured.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighteenth day of July, 1924.

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DECISION No. 13811.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF CAPITAL STOCK IN THE SUM OF ONE HUNDRED FIFTY THOUSAND DOLLARS PAR VALUE.

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Application No. 10185.

Decided July 18, 1924.

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*Warren E. Libby*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Pickwick Stages, Northern Division, in this application asks permission to issue and sell at par for cash \$150,000 of its common capital stock for the purpose of paying indebtedness and of financing the cost of additional equipment.

The application shows that Pickwick Stages, Northern Division, has an authorized capital stock of \$500,000, divided into 5000 shares of the par value of \$100 each, all shares being common. Heretofore, under former orders of the Commission the company has issued \$150,000 of stock, all of which, except director's shares, is held by the Pickwick Corporation.

The assets and liabilities of Pickwick Stages, Northern Division (Exhibit A), as of April 30, 1924, are reported as follows:

<i>Assets.</i>	
Plant and equipment .....	\$311,072 20
Securities of other companies .....	1,500 00
Cash (credit balance) .....	7,004 88
Bills receivable .....	380 03
Accounts receivable .....	133,238 92
Materials and supplies .....	12,975 56
Prepayments .....	10,921 10
Interest .....	834 90
Discount .....	513 88
Unamortized discount and expense .....	2,519 10
Federal income tax .....	1,297 45
Other debit accounts .....	5,018 77
<b>Total assets .....</b>	<b>\$473,267 03</b>
<i>Liabilities.</i>	
Capital stock .....	\$150,000 00
Funded debt .....	68,000 00
Notes payable .....	35,000 00
Accrued liabilities not due .....	27,421 75
Accounts payable .....	43,056 81
Reserve for motor transportation tax .....	6,600 88
Reserve for depreciation .....	61,097 70
Surplus .....	76,789 61
Unapportioned earnings .....	5,240 28
<b>Total liabilities .....</b>	<b>\$473,267 03</b>

In Application No. 10184 filed concurrently with this application, the company reported the necessity of acquiring additional equipment at a cost of about \$200,000 and asked the Commission in that proceeding to authorize the issuance of \$100,000 of equipment trust certificates, to finance a portion of this cost. The company now asks in this proceeding for permission to use the proceeds from \$100,000 of the stock herein applied for to provide a portion of the cost. The decision in Application No. 10184 contains a description of the additional equipment to be acquired by applicant.

The company asks permission to use the proceeds from the sale of the remaining \$50,000 of stock herein applied for to pay in part outstanding indebtedness. An analysis of the indebtedness, as shown on the foregoing balance sheet, indicates that in excess of \$50,000 of such indebtedness was incurred for the purpose of paying for equipment heretofore purchased.

#### ORDER.

Pickwick Stages, Northern Division, having applied to the Railroad Commission for permission to issue and sell \$150,000 of its common capital stock and the Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Pickwick Stages, Northern Division, be and it is hereby authorized to issue and sell for cash at not less than par \$150,000 of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use the proceeds from the sale of \$100,000 of the stock herein authorized, to finance in part the cost of the equipment to which reference is made in the foregoing opinion and which is described in Application No. 10184. The proceeds from the sale of the remaining \$50,000 of stock shall be used to pay in part outstanding indebtedness reported in Applicant's Exhibit "A."

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof. Under such authority no stock may be issued and sold or delivered subsequent to December 31, 1924.

Dated at San Francisco, California, this eighteenth day of July, 1924.

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DECISION No. 13812.

IN THE MATTER OF THE APPLICATION OF S. B. McLENEGAN AND SON, FOR PERMISSION TO TRANSFER THEIR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND THEIR BUSINESS TO PIONEER EXPRESS COMPANY, AND OF SAID PIONEER EXPRESS COMPANY FOR PERMISSION TO ISSUE AND DELIVER ALL OF ITS CAPITAL STOCK IN FULL PAYMENT THEREFOR.

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Application No. 10131.

Decided July 18, 1924.

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*Walter H. Robinson*, for Applicants.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing S. B. McLenegan and C. S. McLenegan, copartners, doing business under the firm name and style of S. B. McLenegan & Son, to sell and transfer their properties and rights to Pioneer Express Company, a corporation; and Pioneer Express Company to issue \$25,000 of its common capital stock in payment.

The operative rights to be transferred to Pioneer Express Company were granted to S. B. McLenegan & Son by Decision No. 6042, dated December 30, 1918, and permit the transportation, by automobile



trucks, of freight and express between San Francisco and San Jose and intermediate points. The properties to be acquired by the corporation, and the original cost, are reported as follows:

Signal truck No. 2713	\$3,750 00
Kleiber truck No. 1306	5,519 77
Kleiber truck No. 537	5,370 90
Kleiber truck No. 672	5,379 90
Autocar truck No. 14826	2,000 00
Autocar truck No. 20356	2,000 00
Autocar truck No. 18415	750 00
Autocar truck No. 20447	1,100 00
Commerce truck No. 282	1,052 10
Mack truck No. 28431	1,243 06
Trailer No. 6255	300 00
Ford truck No. 190186	127 60
Ford service car No. 2278433	579 76
Shop tools	200 00
Office furniture	100 00
Total	\$29,482 09

C. S. McLenegan testified that the indebtedness of the partnership consisted of a 7 per cent demand note dated January 1, 1923, in favor of Carrie C. McLenegan in the principal amount of \$5,000, which represents moneys advanced to the copartnership to pay for equipment and obligations incurred in the ordinary conduct of the business.

The application shows that the business has been operated by the copartnership continuously since December 30, 1918. It appears that it has been decided that the operations could be conducted more advantageously by a corporation, and for that reason Pioneer Express Company was organized for the purpose of receiving and operating the rights and properties of the copartnership. It is of record that there will be no change in management or control as a result of the transfer.

The articles of incorporation of Pioneer Express Company, a copy of which is on file with the Commission in this proceeding, show that it was organized on or about April 10, 1924. The company has an authorized capital stock of \$25,000, divided into 2500 shares of the par value of \$10 each, all common, all of which it proposes to issue at this time.

#### ORDER.

Application having been made to the Railroad Commission for an order authorizing S. B. McLenegan and C. S. McLenegan to sell and transfer operative rights and properties, and Pioneer Express Company to issue \$25,000 of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted, as herein provided, and that the money, property or labor to be procured or paid for through the issue of the \$25,000 of stock is reasonably required by Pioneer Express Company;

*It is hereby ordered*, that S. B. McLenegan and C. S. McLenegan, doing business under the firm name and style of S. B. McLenegan & Son, be and they are hereby authorized to sell and transfer their properties and operative rights, to which reference is made in the foregoing opinion, to Pioneer Express Company; and Pioneer Express Company be and it is hereby authorized to issue \$25,000 of its common capital stock in payment for such properties.

The authority herein granted is subject to the following conditions:

1. S. M. McLenegan and C. S. McLenegan, doing business under the firm name and style of S. B. McLenegan & Son, shall immediately cancel all time schedules, tariffs, rates and classifications at present on file with the Railroad Commission, and Pioneer Express Company shall file immediately new time schedules, tariffs, rates, classifications, or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed with this Commission by S. B. McLenegan and C. S. McLenegan; all such new time schedules, tariffs, rates and classifications to be identical with those heretofore filed with this Commission, such cancellation and filing to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

2. The rights and privileges, the transfer of which is herein authorized, may not again be transferred, assigned, leased, sold or hypothecated or operations thereunder discontinued unless the written consent of the Railroad Commission to such transfer, assignment, lease, sale, hypothecation or discontinuance shall have first been secured.

3. No vehicle may be operated by Pioneer Express Company under the authority contained in this decision unless such vehicle is owned by such company or leased by it under a contract or agreement on a basis satisfactory to the Railroad Commission.

4. Pioneer Express Company shall keep such record of the issue, sale and delivery of the stock herein authorized as will enable it within sixty days from the date of this order to file a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The transfer of the operative rights and properties herein authorized and the required cancellations and filing of tariffs and schedules shall be made not later than sixty days from the date of the order in this proceeding unless the time for effecting such transfer and cancellation and filing shall be extended by further order of the Commission.

6. The authority herein granted to transfer rights and properties and to issue stock will become effective upon the date hereof.

Dated at San Francisco, California, this eighteenth day of July, 1924.

## DECISION No. 13813.

IN THE MATTER OF THE APPLICATION OF AUTO TRANSIT COMPANY, A CALIFORNIA CORPORATION, FOR AUTHORITY TO ISSUE STOCK, AND THE APPLICATION OF O. A. MOON AND C. L. SIMONDS, DOING BUSINESS UNDER THE NAME AND STYLE OF COAST TRANSIT COMPANY, AND J. S. NICKOLS, DOING BUSINESS UNDER THE NAME AND STYLE OF RED STAR AUTO STAGE LINE, FOR THE APPROVAL OF CERTAIN AGREEMENTS TO TRANSFER CERTAIN OPERATIVE RIGHTS TO SAID AUTO TRANSIT COMPANY AND TO RECEIVE STOCK FROM SAID CORPORATION THEREFOR.

Application No. 9907.

Decided July 18, 1924.

*J. E. McCurdy*, for Applicants.

BY THE COMMISSION.

## OPINION.

In the above entitled matter the Railroad Commission is asked to make an order authorizing:

1. O. A. Moon and C. L. Simonds, doing business under the firm name and style of Coast Transit Company, to sell and transfer their properties and rights to Auto Transit Company, a corporation; and

2. J. S. Nickols, doing business under the firm name and style of Red Star Auto Stage Line, to sell and transfer his properties and rights to Auto Transit Company, a corporation; and

3. Auto Transit Company, a corporation, to issue \$80,000 of its common stock, and to deliver \$25,000 of such stock to O. A. Moon and C. L. Simonds in payment for their properties, \$10,000 to J. S. Nickols in payment for his properties, and \$45,000 as a stock dividend to the holders of the outstanding stock; and

4. Auto Transit Company, a corporation, to issue and sell at not less than par \$10,000 of its 8 per cent preferred stock for the purpose of financing the cost of additional equipment.

A public hearing in this matter was held before Examiner Fankhauser on May 28, 1924. Since the hearing, additional information has been filed and the matter is now ready for decision.

Auto Transit Company was organized on or about April 4, 1918. The company's articles of incorporation, as amended, provide for an authorized issue of \$250,000 of stock, divided into 50,000 shares of noncumulative 8 per cent preferred stock of the par value of \$1 per share and 200,000 shares of common stock of the par value of \$1 per share. As of April 30, 1924, the company reports its assets and liabilities as follows:

<i>Assets.</i>	
Plant and equipment .....	\$24,698 07
Cash .....	2,414 55
Accounts receivable .....	152 55
Special funds .....	20 00
<b>Total assets .....</b>	<b>\$37,284 97</b>

<i>Liabilities.</i>	
Capital stock .....	\$5,000 00
Notes payable .....	4,894 50
Accounts payable .....	3,863 90
Other credit accounts .....	13 84
Reserve for depreciation .....	17,399 12
Surplus .....	6,113 61
Total liabilities .....	\$37,284 97

The outstanding stock is all common. The preferred stock it is proposed to issue will be sold at par for cash and the proceeds used to pay approximately \$2,800 due the Fageol Motor Company and to pay in part the cost of a new 22-passenger Pierce-Arrow stage.

Auto Transit Company is engaged in transporting passengers between San Francisco and Santa Cruz and intermediate points. O. A. Moon and C. L. Simonds, who desire to transfer their properties, are engaged in transporting passengers between Santa Cruz and Salinas via Watsonville and between Castroville and Monterey (Decision No. 10137, Application No. 7590). J. S. Nickols, who also asks permission to transfer his property, is engaged in transporting passengers between Watsonville and Hollister via Aromas, Chittenden and San Juan (Decision No. 13502, Application No. 10014). The earnings of the three operators for the year ending December 31, 1923, are reported as follows:

Revenues—	Item	Auto Transit Company	O. A. Moon and C. L. Simonds	J. S. Nickols
Passenger .....		\$50,934 34	\$22,928 65	\$10,243 78
Express .....		504 19		
Other .....		7 94	340 00	
Totals .....		\$51,446 47	\$23,268 65	\$10,243 78
Expenses—				
Conducting transportation .....		\$25,685 70	\$12,487 10	\$3,685 39
Maintenance .....		16,485 66	8,981 15	2,405 21
Traffic .....		373 32	1,625 00	
General .....		5,115 13	2,518 00	2,498 25
Total .....		\$47,659 81	\$25,611 85	\$8,588 85
Net revenue .....		\$3,786 66	\$2,343 20*	\$1,654 93

\* Loss.

Applicants now desire to bring the three lines under one ownership and management and are of the opinion that such a consolidation will result in economies being effected in operating and overhead expenses. However, the Commission is not called upon, at this time at least, to make an order consolidating or expanding the several operative rights, the present application in this respect involving only a request to transfer the ownership of such rights. The granting of the present request should not be construed as authority to consolidate the individual rights now held by the various applicants, or to expand such rights

beyond those now held by each of the applicants. Before the Commission can make an order authorizing such a consolidation or expansion it will be necessary for applicants to be before it in a formal proceeding seeking a certificate of public convenience and necessity to operate the three rights as one.

Coming now to that portion of the application which involves the issue of common stock, it appears that Auto Transit Company proposes to deliver \$25,000 of common stock to O. A. Moon and C. L. Simonds and \$10,000 to J. S. Nickols in payment for their properties and rights. The properties of O. A. Moon and C. L. Simonds are shown in Exhibit "A" to consist of three 15-passenger Packard automobile stages and one 7-passenger Packard automobile stage, together with tools, supplies, automobile equipment, gas, oil and tires, and the properties of J. S. Nickols are described in Exhibit "B" as consisting of one 15-passenger Packard automobile stage and one 7-passenger automobile stage, together with tires, equipment, tools, gas, oil, etc.

The testimony herein indicates that applicants are of the opinion that the reasonable value of the three 15-passenger Packard automobile stages of O. A. Moon and C. L. Simonds is \$15,000, of the 7-passenger Packard stage \$2,000 and of the tools, automobile equipment and supplies \$1,000, a total of \$18,000. In addition, applicants allege that the operative rights of O. A. Moon and C. L. Simonds are reasonably worth \$7,000. The automobile stages and equipment of J. S. Nickols are said to possess a reasonable value of \$8,000 and his operative rights \$2,000.

In this connection the attention of applicants is directed to section 52 (b) of the Public Utilities Act which reads in part as follows:

The Commission shall have no power to authorize the capitalization of the right to be a corporation or to authorize the capitalization of any franchise or permit whatsoever for the right to own, operate or enjoy any such franchise or permit in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right; nor shall any contract for consolidation or lease be capitalized nor shall any public utility hereafter issue any bonds, notes or other evidences of indebtedness against or as a lien upon any contract, for consolidation or merger.

The testimony herein indicates that the values claimed for the franchises by O. A. Moon and C. L. Simonds and J. S. Nickols do not represent the amounts paid to the state or to a political subdivision as the consideration for the grant of such rights. J. S. Nickols testified that he had expended between \$200 and \$400 in obtaining his right. It appears that O. A. Moon and C. L. Simonds purchased their operative rights from their predecessors for \$9,400. There is nothing to show, however, what amount if any was paid to the state or political subdivision by O. A. Moon and C. L. Simonds or their predecessors as the consideration for the grant of such right. The Commission, therefore, is of the opinion that it can not recognize the value claimed by applicants for operative rights as a basis for the issue of stock requested.

It appears that in acquiring the properties of O. A. Moon and C. L. Simonds Auto Transit Company will assume the payment of indebtedness aggregating \$1,600. The order herein will authorize Auto Transit Company to issue \$16,400 of stock in payment of the properties of O. A. Moon and C. L. Simonds and to issue \$8,400 of stock in payment for the properties of J. S. Nickols.

In support of the request of Auto Transit Company to issue \$45,000 of stock in payment for a dividend, George H. Higgins, the company's president, testified that in his opinion the property of the company was fully worth \$50,000 although, as shown in the foregoing balance sheet, such properties are reported as \$34,698.07, no value whatever being carried for franchise or operative rights. The company is therefore of the opinion that it should be permitted to issue an amount of stock approximately equal to the alleged value of the properties.

Section 52 of the Public Utilities Act reads in part as follows:

A public utility may issue stocks and stock certificates and bonds, notes and other evidences of indebtedness payable at periods of more than twelve months after the date thereof for the following purposes and no others, namely, for the acquisition of property or for the construction, completion, extension or improvement of its facilities or for the improvement or maintenance of its service or for the discharge or lawful refunding of its obligations or for the reimbursement of moneys actually expended from income or from any other moneys in the treasury of the public utility, not secured by or obtained from the issue of stocks, or stock certificates or bonds, notes or other evidences of indebtedness of such public utilities for any of the aforesaid purposes, except maintenance of service and replacement in cases where the applicant shall have kept its accounts or vouchers for such expenditures in such manner as to enable the Commission to ascertain the amount of money so expended and the purposes for which such expenditure was made.

The Commission under the Public Utilities Act has no power to authorize the issue of stock for the purpose of paying a stock dividend. It can, however, upon proper showing authorize the issue of stock for the purpose of reimbursing the company's treasury because of earnings invested in the properties and business of the company and if such order is made the company thereafter can distribute the stock as a stock dividend. It is therefore necessary for the Commission to determine the amount of surplus earnings of Auto Transit Company which have been invested in its business. As shown by the preceding balance sheet as of April 30, 1924, the company reported a corporate surplus of only \$6,113.61. But it appears that the company has been including in its operating expenses amounts for depreciation at the rate of 25 per cent per annum on equipment. Its officers now believe that 25 per cent is too high and that 16½ per cent per annum will be sufficient for depreciation of equipment. Adjusting the reserve for accrued depreciation accordingly results in the transfer of \$5,398.39 from such reserve to surplus, leaving about \$12,000 in the reserve. The Commission is of the opinion that it can not authorize Auto Transit Company to issue stock to reimburse its treasury in excess of \$11,512.

**ORDER.**

Application having been made to the Railroad Commission for an order authorizing the transfer of properties and rights and the issue of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through such issue of stock is reasonably required;

*It is hereby ordered*, that O. A. Moon and C. L. Simonds, doing business under the firm name and style of Coast Transit Company; and J. S. Nickols, doing business under the firm name and style of Red Star Auto Stage Line, be and they are hereby authorized to sell and transfer their properties and rights, to which reference is made in the foregoing opinion, to Auto Transit Company, a corporation.

*It is hereby further ordered*, that Auto Transit Company, a corporation, be and it is hereby authorized to issue \$36,312 of its common capital stock and \$10,000 of its 8 per cent noncumulative preferred stock, and to assume the payment of not exceeding \$1,600 of indebtedness.

The authority herein granted is subject to the following conditions:

1. Applicant may deliver not exceeding \$16,400 of the common stock herein authorized in payment for the properties of O. A. Moon and C. L. Simonds and may deliver \$8,400 of the common stock herein authorized in payment for the properties of J. S. Nickols. The remaining \$11,512 of the common stock herein authorized may be issued for the purpose of reimbursing the company's treasury on account of surplus earnings invested in properties and may thereafter be distributed as a stock dividend, as required and permitted by law, to the holders of the outstanding stock of Auto Transit Company.

2. Applicant may sell the \$10,000 of preferred stock herein authorized for cash at not less than par and use the proceeds for the purpose of paying indebtedness and of financing the cost of additional equipment to which reference is made in the foregoing opinion.

3. Auto Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. O. A. Moon and C. L. Simonds and J. S. Nickols shall cancel immediately all time schedules, tariffs, rates and classifications at present on file with the Railroad Commission, and Auto Transit Company shall file immediately new time schedules, rates, tariffs and classifications or adopt as its own the time schedules, tariffs, rates and classifications heretofore filed with this Commission by O. A. Moon and

C. L. Simonds and J. S. Nickols; all such new time schedules, tariffs, rates and classifications to be identical with those heretofore filed with the Commission, such cancellations and filings to be in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

5. The rights and privileges, the transfer of which are herein authorized, may not again be transferred, assigned, leased, sold, hypothecated or operations thereunder discontinued unless the written consent of the Railroad Commission to such transfer, assignment, lease, sale, hypothecation or discontinuance shall have first been secured.

6. No authority is hereby conveyed for the consolidation, enlargement or expansion of any operative rights beyond those heretofore held by the applicants herein under authority granted by the Commission.

7. The transfer of the operative rights and properties herein authorized and the required cancellation and filing of tariffs and schedules shall be made not later than ninety days from the date of this order, unless the time for effecting the transfers, the cancellation and filing of tariffs be extended by the further order of this Commission.

8. The authority herein granted will become effective upon the date hereof.

*It is hereby further ordered*, that the application in so far as it involves the issue of \$43,688 of common stock by Auto Transit Company be and it is hereby dismissed without prejudice.

Dated at San Francisco, California, this eighteenth day of July, 1924.

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DECISION No. 13814.

IN THE MATTER OF THE APPLICATION OF THE ANDERSON WATER COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE.

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Application No. 10047.

Decided July 18, 1924.

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T. W. H. Shanahan, for Applicant.

By THE COMMISSION.

**OPINION.**

In this proceeding Anderson Water Company, a corporation, engaged in the business of supplying water for domestic purposes in and in the vicinity of the unincorporated town of Anderson, Shasta County, asks authority to increase its rates.

The application alleges that the Commission in Decision No. 7135, dated February 13, 1920, established the rates now in effect; that since that date maintenance and operation costs have increased to such an



extent that applicant is operating at a loss; that revenues formerly derived from street and lawn sprinkling have been materially reduced; and that the present revenue is not sufficient to yield maintenance and operating expenses, a depreciation fund, and a reasonable return on the investment.

A public hearing in this proceeding was held at Anderson before Examiner Satterwhite, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect as established by this Commission in Decision No. 7135, dated February 13, 1920, are as follows:

*Meter Rates.*

Minimum monthly payments--

3-inch meter .....	\$1 40
1-inch meter .....	2 50
1½-inch meter .....	3 00
2-inch meter .....	3 50

Quantity rates--

For use between 0 and 400 cubic feet, per 100 cubic feet.....	\$0 35
For use between 400 and 2400 cubic feet, per 100 cubic feet.....	20
For use over 2400 cubic feet, per 100 cubic feet.....	15

*Monthly Flat Rates.*

Minimum ..... \$1 00  
(Additional charges are made depending on facilities and classification of premises.)

Fire protection--

For each hydrant especially installed for fire protection or for individual use of persons, firms or corporations for fire protection purposes exclusively:

Each 2-inch connection per month.....	\$1 50
Each 2½-inch connection per month.....	2 00

The system consists of a well 300 feet deep from which water is elevated by two electrically driven pumps to a concrete lined reservoir, from which it is conveyed throughout one and one-half miles of six-inch transmission mains to the town and finally distributed to the consumers through about 30,000 feet of mains varying in size from four inches to three-fourths inch in diameter. There are about 165 consumers, of whom forty-seven are metered, the remaining consumers being charged in accordance with the facilities installed and the classification of the premises.

At the hearing F. A. Cody, manager for the company, testified that the increased costs of labor, material and power, and the reduction in revenue brought about by consumers obtaining water for the sprinkling of lawns and gardens from the Anderson-Cottonwood Irrigation District's canal, have resulted in a deficit, and the company's annual reports as filed with the Commission were referred to for the results of several years' operations. He requested that the minimum flat and minimum meter rates be made identical, and suggested that these minimum rates be increased to at least \$2 per month.

James F. Bedford, a merchant of Anderson and a former stockholder of the company, testified that the system was constructed to serve a town larger than Anderson, and that the growth of the community had not come up to expectations. He further expressed as his opinion that, in order to retain adequate domestic water service for the town, the consumers should pay a higher rate than at present in order to make the service compensatory until such time as the growth of the community will permit a reduction in rates.

William Stava, one of the Commission's hydraulic engineers, presented a report at the hearing based on a field and office investigation of the company's system and operations. This report showed the estimated cost of the system to be \$27,182, with a reasonable depreciation annuity computed by the 6 per cent sinking fund method of \$314, and recommended the sum of \$3,400 as a proper allowance for maintenance and operating expenses. The revenues for 1923 were \$4,231, which after deducting depreciation and operating expenses leaves a net revenue of \$517, and is equivalent to a 1.9 per cent return on the estimated cost of the system.

The testimony shows that the system is overbuilt, so that the consumers can not be reasonably charged with the total investment. However, it was also shown that the system was installed in the eighties and that a large portion of the pipe system will need extensive replacement at an early date, and that it will be difficult to finance the required replacements unless the system shows larger earnings. It was shown that the rates in effect were about the maximum rates for service rendered from similarly operated utilities. However, the fact that the community faces the possibility of being deprived of a domestic water supply through the failure to replace the present depreciated pipe indicates that some increase in rates should be granted to provide additional earnings and make the financing of replacements possible. On the other hand, the company is directed to institute all economies possible in order to permit the financing of pipe replacements when they are required, so that sufficient and adequate service can be rendered its consumers.

Attention is called to the fact that the unincorporated town of Anderson is included in the Anderson-Cottonwood Irrigation District and that many of the consumers of Anderson Water Company have constructed facilities for conducting water from the district canals to their premises for the purpose of watering lawns and gardens. Such water as is taken from the utility's system is thereby reduced to the minimum amount required for household use and the revenues of the utility are correspondingly reduced.

In view of all the conditions confronting the applicant herein it is evident that any appreciable increase in its revenues can be secured

only by the establishment of what is regarded ordinarily as a high minimum monthly charge.

The rates set out in the following order are designed to produce sufficient revenue to cover maintenance and operation expenses, depreciation annuity, and a reasonable return on that portion of the investment which is properly chargeable to the present consumers.

#### ORDER.

Anderson Water Company, a corporation, having made application for authority to increase the rates for water delivered to consumers at Anderson, Shasta County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Anderson Water Company for water delivered to consumers at Anderson, Shasta County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Anderson Water Company be and it is hereby directed to file with this Commission, within ten (10) days from the date of this order, the following schedule of rates for all water delivered to consumers in Anderson, Shasta County, subsequent to August 1, 1924:

#### Monthly Flat Rates.

1. Residence of six rooms or less .....	\$1 75
For each additional room .....	10
Additional for each flush toilet or bathtub .....	25
For each private garage where automobiles are washed on the premises .....	25
For each private barn—not more than two horses or cows .....	30
For each additional horse or cow .....	15
2. Irrigation of gardens and grounds, per 100 square feet .....	00
3. For small stores or shops .....	\$1 00 to 2 00
4. For large stores or shops .....	2 00 to 5 00
Additional for each bathtub, flush toilet or urinal in items 3 and 4 .....	50
5. Water for all purposes or establishments not specified in the above schedule will be charged for at meter rates.	

#### Measured Rates.

##### Minimum monthly charges—

½-inch meter .....	\$1 75
¾-inch meter .....	2 75
1 -inch meter .....	4 00
1½-inch meter .....	9 50
2 -inch meter .....	15 00

Each of the foregoing "monthly minimum charges" will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out as follows:

##### Monthly meter rates—

From 0 to 500 cubic feet, per 100 cubic feet .....	\$0 35
From 500 to 2500 cubic feet, per 100 cubic feet .....	25
Over 2500 cubic feet, per 100 cubic feet .....	15

*It is hereby further ordered*, that Anderson Water Company be and it is hereby directed to file with this Commission, within thirty (30) days of the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as August 1, 1924.

Dated at San Francisco, California, this eighteenth day of July, 1924.

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DECISION No. 13816.

IN THE MATTER OF THE APPLICATION OF HERMOSA-REDONDO WATER COMPANY FOR AUTHORITY TO REINSTATE THAT CERTAIN INDENTURE OF LEASE MADE ON THE TWENTY-SIXTH DAY OF OCTOBER, 1922, BY AND BETWEEN F. D. CORNELL COMPANY, A CORPORATION, AS LESSOR AND JAMES E. BABCOCK AS LESSEE, AND WHICH SAID LEASE WAS CANCELED IN ORDER THAT A DEED OF TRUST SECURING A BOND ISSUE OF THREE HUNDRED FIFTY THOUSAND DOLLARS MIGHT BE MADE A FIRST LIEN UPON THE PROPERTY OF APPLICANT.

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Application No. 10200.

Decided July 18, 1924.

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*Bacigalupi and Elkus*, by *Charles de Y. Elkus*, for Applicant.

SEAVEY, Commissioner.

**OPINION.**

In this application the Hermosa-Redondo Water Company, a corporation, asks the Railroad Commission to reinstate a lease of the oil drilling rights and privileges on certain of its public utility properties located near the city of Hermosa Beach, in Los Angeles County, approval of which was given heretofore in Decision No. 10515, dated May 29, 1922, to the Hermosa Beach Water Corporation, predecessor in interest of applicant herein.

A public hearing in the matter was held in San Francisco on July 7, 1924.

Under authority granted by the Commission in Decision No. 10515, in Application No. 7553, the Hermosa Beach Water Corporation transferred the rights to prospect and drill for oil, gas and other hydrocarbon substances underlying that certain real property owned by the said water company and more particularly described in the application therein, to the F. D. Cornell Company, a corporation, which rights in turn were transferred to James E. Babcock.

The Hermosa-Redondo Water Company acquired this water system by authority of the Railroad Commission in Decision No. 12963, and in order to release the said properties from all prior liens and other incumbrances for the purpose of issuing bonds it became incumbent upon the company to procure the cancellation of the outstanding rights

heretofore granted for the drilling of oil. These matters having been accomplished the applicant now desires to reinstate the lease of the oil drilling and prospecting rights.

It appears that this application should be approved, subject to the conditions hereinafter set forth.

A consideration of the evidence presented in this proceeding, as well as the former Application No. 7553, leads to the conclusion that a slight modification of the restrictions limiting the area in which drilling shall be permitted should in all fairness be made. However, no change is considered advisable at this time in the requirements and conditions of the Commission's former order regarding the cementing in and sealing of the well casing for the necessary and proper protection of the water supply against possible contamination from oil and gas.

The following form of order is submitted:

#### ORDER.

Application having been filed with this Commission for permission to reinstate a certain indenture of lease entered into by authority heretofore granted by the Railroad Commission in its Decision No. 10515, authorizing the sale in place of the oil, gas and other hydro-carbon substances, if any, underlying certain real property now owned by the Hermosa-Redondo Water Company, a public utility, public hearings having been held thereon, and the matter having been submitted;

*It is hereby ordered*, that said applicant be and the same is hereby authorized to execute a lease similar to the proposed lease attached to the application herein and marked Exhibit "B," with such modifications as are required to conform with the following conditions:

1. No well for oil, gas or other hydro-carbon substances, shall be located within 300 feet of any well now existing or being drilled from which the Hermosa-Redondo Water Company obtains or seeks to obtain its water supply in whole or in part, unless otherwise directed by supplemental order of this Commission.

2. In the event that any well drilled pursuant to the authority herein granted, in which water has been encountered, is abandoned as an oil or gas well, then such well, together with a complete string of casing properly installed and landed at a point below the chief water-bearing strata, shall become the property of the Hermosa-Redondo Water Company without cost or expense to said corporation.

3. Any well drilled for oil or gas upon the property of the Hermosa-Redondo Water Company shall be properly encased with an outside casing of not less than 20 inches diameter, to a depth sufficient to reach a hard foundation suitable for landing the casing and allowing the same to be cemented in by the usual and proper process employed for that

purpose, but in any event, such casing shall be carried to a depth of not less than 500 feet. Within said outside casing there shall be installed an inner screw casing of a diameter not greater than 6 inches less than the diameter of the outside casing, and the space between the inner and outer casing shall be properly filled with cement for the entire depth of the outside casing, and the top of said casings shall be anchored in a suitable manner with a solid block of concrete and properly tied in with anchor rods. The installation of said casings and compliance with this condition in all particulars shall be carried out under the direct supervision of the State Oil and Gas Supervisor, and shall, in all particulars not herein specifically set forth, be done in accordance with the orders of said supervisor.

4. The foregoing conditions, 1 to 3, inclusive, shall be embodied in the provisions of the deed or other instrument used for the transfer of the property or rights therein as herein authorized, and shall be made binding upon any and all successors in interest to the parties thereto.

5. At the time of the transfer herein authorized James E. Babcock shall deliver to Hermosa-Redondo Water Company an indemnity bond executed by a surety company and approved by this Commission, in the sum of not less than \$10,000, for the indemnification of the Hermosa-Redondo Water Company for any diminution or contamination of its water supply or damage to its property, or any part thereof, used and useful in the performance of its duties as a public utility water corporation which may result from any act or operation of James E. Babcock, or his successors in interest, in their use of the property herein authorized to be conveyed.

6. Within thirty (30) days after its execution, Hermosa-Redondo Water Company shall file with the Railroad Commission a certified copy of the deed or agreement under which said transfer is made.

7. The authority herein granted shall apply only to such conveyance as shall have been made on or before November 1, 1924.

8. The consideration given for the transfer of said public utility rights shall not be urged before this Commission or any other public body as a finding of the value of said rights for any purpose other than the transfer herein authorized.

The effective date of this order is hereby fixed as twenty (20) days from the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighteenth day of July, 1924.

## DECISION No. 13817.

IN THE MATTER OF THE APPLICATION OF THE CALIFORNIA-OREGON POWER COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA: (A) APPROVING ITS AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY; (B) AUTHORIZING THE ISSUE AND SALE OF TWO MILLION FIVE HUNDRED THOUSAND DOLLARS OF SERIES "B" BONDS; (C) AUTHORIZING THE ISSUE AND SALE OF ONE MILLION FIVE HUNDRED THOUSAND DOLLARS OF SEVEN PER CENT TWENTY YEAR SINKING FUND DEBENTURES; (D) AUTHORIZING THE ISSUE AND SALE OF ONE MILLION DOLLARS OF PREFERRED STOCK.

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Application No. 10057.

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Decided July 18, 1924.

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BY THE COMMISSION.

## FIRST SUPPLEMENTAL ORDER.

The Commission by Decision No. 13627, dated May 31, 1924, authorized The California-Oregon Power Company to issue \$1,500,000 of 7 per cent twenty-year sinking fund convertible gold debentures due May 1, 1944, subject among other things, to the condition that no definitive debentures shall be delivered until the Commission by supplemental order has authorized the company to execute an indenture, under the terms of which the debentures will be issued.

On July 11, 1924, the California-Oregon Power Company filed with the Commission a copy of its proposed indenture and agreement under which the \$1,500,000 of debentures will be issued. The agreement provides for the issue of additional debentures in the amount of \$500,000. The issue of the \$500,000 of debentures has not been authorized by the Commission. The indenture and agreement filed on July 11th is in satisfactory form.

*It is hereby ordered*, that The California-Oregon Power Company be and it is hereby authorized to execute an indenture and agreement substantially in the same form as the indenture and agreement filed on July 11, 1924, in the above entitled matter, provided that the authority herein granted to execute an indenture and agreement is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said indenture and agreement as to such other legal requirements to which such indenture and agreement may be subject.

*It is hereby further ordered*, that within thirty days after the company has executed said indenture and agreement, two certified copies of such indenture and agreement shall be filed with the Railroad Commission.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof, and that the order in Decision No. 13627, dated May 31, 1924, shall remain in full force and effect, except as such order may be modified by this first supplemental order.

Dated at San Francisco, California, this eighteenth day of July, 1924.

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DECISION No. 13824.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA APPROVING THE DRAFT OF A CERTAIN MEMORANDUM OF LEASE BY AND BETWEEN APPLICANT AND THE CALIFORNIA AND HAWAIIAN SUGAR REFINING CORPORATION, AND AUTHORIZING APPLICANT TO ENTER INTO SAID LEASE.

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Application No. 10282.

Decided July 21, 1924.

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BY THE COMMISSION.

OPINION.

Pacific Gas and Electric Company asks that the Railroad Commission authorize it to execute a lease, a draft of which is attached to the application and which covers the operation by Pacific Gas and Electric Company of a steam electric generating unit, which is the property of the California and Hawaiian Sugar Refining Corporation. The draft of the proposed lease declares that California and Hawaiian Sugar Refining Corporation is not a public utility and is unwilling to dedicate any part of its property to public service, but that, because of the public emergency created by extreme drouth and consequent shortage of hydro-electric power, it is willing to permit the operation of a spare generating unit in its refinery power plant by Pacific Gas and Electric Company. The proposed lease specifies the equipment to be used by Pacific Gas and Electric Company and the amount of the payment to be made for such use, and contains other provisions regarding liability, return of leased property, etc. It also recites that assurances have been given by the Railroad Commission that the consent by the lessor to the use of its plant as provided can not be considered a public service, nor impress said property with any obligation to serve the public directly or indirectly. It should be understood that this involves a question which, if raised, would in the last analysis have to be passed on in the courts, and that this Commission is, therefore, unable to give any definite or binding assurance in this regard. It may be stated, however, that the proposed lease has been carefully considered, and that it is the opinion of the Commission that it would not be held to be a dedication of the property in question to public use, and that no obligation



will attach to California and Hawaiian Sugar Refining Corporation except as specifically set forth in the lease.

The Commission is aware of the shortage of hydro-electric power which makes the operation of this unit desirable, and it appears that it is in the public interest that this surplus power be made available to the electric consumers of Pacific Gas and Electric Company.

#### ORDER.

Pacific Gas and Electric Company having applied to the Railroad Commission for an order approving the draft of a certain memorandum of lease by and between applicant and California and Hawaiian Sugar Refining Corporation and authorizing applicant to enter into said lease, and the Railroad Commission being of the opinion that the execution of said lease is in the public interest and that a public hearing is not necessary;

*It is hereby ordered*, that Pacific Gas and Electric Company be and it is authorized to lease from California and Hawaiian Sugar Refining Corporation a steam electric generating unit and appurtenant equipment substantially as described in the draft of a memorandum of lease attached to the application herein, and said memorandum of lease is hereby approved.

Dated at San Francisco, California, this twenty-first day of July, 1924.

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#### DECISION No. 13836.

IN THE MATTER OF THE APPLICATION OF G. W. MURRAY TO  
ESTABLISH RATES AS A PUBLIC UTILITY.

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Application No. 10048.

Decided July 23, 1924.

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*Louis B. Stanton*, for Applicant.

*L. M. Burntrager*, for Imperial Utilities Corporation.

BY THE COMMISSION.

#### OPINION.

In this proceeding G. W. Murray asks permission to establish a certain schedule of rates and to put into effect certain rules and regulations in connection with the service of water as a public utility to consumers residing on Tract No. 4747, Los Angeles County.

Public hearings in this matter were held before Examiner Williams at Los Angeles on June 7 and July 9, 1924, due notice thereof having been given so that all interested parties might appear and be heard.

The testimony shows that Tract No. 4747 was subdivided by the J. D. Millar Realty Company, which drilled a well on lot 15 in the tract, installed pumping equipment and a distribution pipe system. Sub-

sequently the water system was transferred to G. W. Murray, who has delivered water to consumers and made charges therefor in accordance with an agreement by virtue of which the consumers consented to pay the charges until such time as Murray could secure a certificate of public convenience and necessity from the Commission.

At the hearing on June 7th applicant stated that the consumers desired the Imperial Utilities Corporation, which operates in the immediate vicinity, to take over the service. At the same time a petition was presented, signed by ten of the twelve consumers on the tract, asking the Commission to order the said utility to connect its pipes with the mains of the Murray system and supply its consumers. Applicant therefore was given until July 9th to endeavor to work out some arrangement whereby service could be so rendered.

At the adjourned hearing on July 9th, applicant stated that negotiations with Imperial Utilities Corporation had been unsuccessful and that he did not desire to supply water to consumers as a public utility. The request was made that the Commission find that service heretofore rendered by applicant was not a public utility service, but was in the nature of an accommodation to consumers, and that the application herein be dismissed.

It is apparent that Imperial Utilities Corporation is in a position to render better service to the residents of this tract than can be rendered by the applicant herein. On the other hand it does not appear that any earnest attempt has been made to induce Imperial Utilities Corporation to extend its system to supply these consumers. It is therefore recommended that the applicant herein and consumers supplied by this water system endeavor to work out some method whereby Imperial Utilities Corporation will assume public utility service in the tract. Under the circumstances it is unnecessary at this time to determine whether or not the service heretofore rendered by G. W. Murray is of a public utility character.

The application will be dismissed, as has been requested by applicant.

#### ORDER.

G. W. Murray having made application to the Commission as entitled above, and having requested at the hearing that the application be dismissed;

*It is hereby ordered*, that the above entitled application be and the same is hereby dismissed.

The effective date of this order is hereby fixed as twenty (20) days from the date hereof.

Dated at San Francisco, California, this twenty-third day of July, 1924.

## DECISION No. 13837.

IN THE MATTER OF THE APPLICATION OF THE LA HABRA DOMESTIC WATER COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO INCREASE ITS RATES AND CHARGES FOR WATER SERVICE.

Application No. 10107.

Decided July 23, 1924.

*L. N. Morris*, for Applicant.  
*C. L. Crumrine*, for La Habra Citrus Association.  
*John W. Smith*, for La Habra Chamber of Commerce.

BY THE COMMISSION.

## OPINION.

This is an application by the La Habra Domestic Water Company, a corporation, engaged in the business of supplying water for domestic and other purposes in and in the vicinity of the unincorporated town of La Habra, Orange County, for authority to increase its rates.

The application alleges that prior to July, 1923, applicant purchased its entire water supply from the La Habra Water Company, but in order to meet the increased demands of its consumers it became necessary to purchase lands and pumping plant and to install a reservoir at a total cost of \$32,000, thereby increasing the investment and the cost of the service to such an extent as to cause applicant to operate at a loss; that the principal cause for the operating deficit is the supplying of water to the Mexican camp of the La Habra Citrus Association at a very low rate; and that the revenues derived from operating the system are not sufficient to return to applicant maintenance and operating expenses, depreciation allowance, and a reasonable return upon the investment in properties devoted to the use of the public.

Hearings in this proceeding were held in La Habra before Examiner Williams, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect were established by this Commission in Decision No. 3017 in Application No. 1856, dated December 30, 1916, and are as follows:

	Per month
For the first 600 cubic feet or less.....	\$1 50
For the next 400 cubic feet, per 100 cubic feet.....	20
For the next 2000 cubic feet, per 100 cubic feet.....	15
For the next 3000 cubic feet, per 100 cubic feet.....	07½

The evidence shows that water was formerly purchased from the La Habra Water Company, a mutual concern, but owing to the difficulty of obtaining a continuous supply, and the increased demands of the consumers, it became necessary to purchase a tract of land upon which a fully developed well and pumping plant were installed. This well

and the pumping equipment have a capacity of twenty miner's inches of water, continuous flow, and now constitute the principal source of supply.

The system consists of a twelve-inch well 600 feet deep from which water is elevated by air lift to a concrete lined reservoir, and thereafter distributed through about 59,000 feet of mains varying from one inch to eight inches in diameter. There are about 700 consumers, all of whom are metered.

At the hearing L. N. Morris, a witness for applicant, testified that the actual investment in the system was \$89,292.49, of which \$13,722 has been advanced by consumers for extensions, and is subject to refunds, leaving \$75,750.49 upon which a return is expected. His testimony also showed that total revenues for 1923 were \$15,790.96, with the operating expenses, including \$2,682 for depreciation, computed by the straight line method, amounting to \$12,267.23. The net revenue was therefore given as \$3,523.73, which is equivalent to a return of 4 per cent on \$89,292. The witness also stated that due to the necessity for additional pumping there would be an increase of some \$1,200 per year in operating expenses, with a consequent reduction in the 4 per cent rate of return. It was suggested that the following rates be established:

	Per month
For the first 600 cubic feet.....	\$1 50
From 600 to 1000 cubic feet, per 100 cubic feet.....	25
From 1000 to 3000 cubic feet, per 100 cubic feet.....	20
Over 3000 cubic feet, per 100 cubic feet.....	15

William Stava, one of the Commission's hydraulic engineers, presented a report based upon an investigation of the utility's affairs, which showed the estimated cost of the system to be \$102,337, with a depreciation annuity of \$1,711, computed by the sinking fund method. He also estimated \$13,061 as a reasonable allowance for future maintenance and operation expenses, and that the revenues for 1924 would amount to \$16,000 from the rates at present in effect. This would result in a net revenue of \$2,939, which is equivalent to a return of 2.9 per cent upon \$102,337, or a return of 3.9 per cent upon \$75,750. The difference between Mr. Stava's estimate of original cost and the costs shown by applicant was due to the inclusion in his report of property donated to the company and an allowance for general overhead.

It was shown by applicant that about \$2,000 of the 1923 revenue could not be expected in 1924, owing to the practical elimination of irrigation use and the termination of use of water by the State Highway Commission for construction purposes, together with deductions on account of various nonoperative revenues which were inadvertently included in the figures. This would reduce Mr. Stava's estimate of 1924 revenue to \$14,000, and thereby reduce the rate of return on

\$75,750 to 1.2 per cent. It is therefore apparent that applicant is entitled to an increase in rates. However, at the hearing applicant stated that it was proposed to reduce operating expenses to an absolute minimum, and that by rearranging the operating force a material reduction could be effected. This proposed saving has been considered in establishing the rates set out in the following order, which are designed to yield applicant sufficient revenue to cover maintenance and operating expenses, depreciation annuity, and a reasonable return upon the investment in property devoted to public use.

At the hearing a representative of the La Habra Citrus Association, which is the largest user on the system, stated that the association was willing that the lowest rate in effect, namely, \$0.075 per 100 cubic feet, be increased to 10 cents per 100 cubic feet, but if this rate were further increased the association would either install its own pumping plant and well, or require applicant to take over the distribution of water to the labor colony. An inspection of various rates on file with the Commission indicates that those established in the following order are not excessive for domestic purposes, although water furnished purely for irrigation uses and produced in larger quantities is being supplied on some water systems at a lower rate. As the service from this system is almost entirely of a domestic character, irrigation rates can not reasonably be applied.

#### ORDER.

La Habra Domestic Water Company, a corporation, having made application for authority to increase the rates for water delivered to consumers at La Habra, Orange County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by La Habra Domestic Water Company, a corporation, for water delivered to consumers at La Habra, Orange County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of facts contained in the preceding opinion;

*It is hereby ordered*, that the La Habra Domestic Water Company, a corporation, be and it is hereby directed to file with this Commission, within twenty (20) days from the date of this order, the following schedule of rates to be charged for all water delivered to consumers in La Habra, Orange County, subsequent to August 15, 1924:

*Measured Rates.*

Minimum monthly charges—

$\frac{3}{4}$ -inch meter -----	\$1 50
1-inch meter -----	2 50
1½-inch meter -----	3 50
2-inch meter -----	8 00
2½-inch meter -----	12 50

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out as follows:

Monthly meter rates—

From 0 to 1000 cubic feet, per 100 cubic feet -----	\$0 25
From 1000 to 3000 cubic feet, per 100 cubic feet -----	20
Over 3000 cubic feet, per 100 cubic feet -----	12

*It is hereby further ordered*, that La Habra Domestic Water Company be and it is hereby directed to file with this Commission within thirty (30) days of the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as August 15, 1924.

Dated at San Francisco, California, this twenty-third day of July, 1924.

## DECISION No. 13841.

IN THE MATTER OF THE APPLICATION OF UNITED STAGES, INCORPORATED, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER AUTO STAGE AND EXPRESS PACKAGE SERVICE BETWEEN SANTA MONICA AND LOS ANGELES, VIA PICO BOULEVARD, AND ALL INTERMEDIATE POINTS.

## Application No. 8765.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE STAGE SERVICE BETWEEN THE INTERSECTION OF WEST BOULEVARD AND WEST SIXTEENTH STREET IN THE CITY OF LOS ANGELES AND THE INTERSECTION OF OCEAN AND UTAH AVENUES IN THE CITY OF SANTA MONICA, CALIFORNIA.

## Application No. 9391.

IN THE MATTER OF THE APPLICATION OF BAY CITIES TRANSIT COMPANY, A CORPORATION, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER BUS LINE FROM SHERMAN DRIVE, LOS ANGELES, CALIFORNIA, TO FOURTH STREET AND SANTA MONICA BOULEVARD, SANTA MONICA, CALIFORNIA.

## Application No. 9404.

IN THE MATTER OF THE APPLICATION OF D. G. HENDERSON FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A PASSENGER BUS LINE SERVICE ON PICO STREET BETWEEN MULLEN AVENUE, IN LOS ANGELES CITY (WHICH IS THE WESTERN TERMINUS OF THE LOS ANGELES RAILWAY

COMPANY'S PICO STREET CAR LINE), AND MAIN STREET, SANTA MONICA, AND INTERMEDIATE POINTS.

Application No. 9566.

Decided July 24, 1924.

*T. Morgan*, for the United Stages, Incorporated,  
*Robert E. Abbott*, for Bay Cities Transit Company.  
*C. W. Cornell*, *O. A. Smith* and *R. C. Gortner*, for the Pacific Electric Railway Company.  
*Dockweiler*, *Dockweiler and Finch*, for D. G. Henderson.  
*Chester L. Coffin*, City Attorney, for the City of Santa Monica.  
*T. A. Woods*, for the American Railway Express Company.  
*H. G. Weeks*, for the Los Angeles Railway Company.  
*Guy R. Crump* and *Frank H. Snyder*, for the Greater Pico Street Association.  
*SHORE*, Commissioner.

OPINION ON REHEARING.

In these matters the Railroad Commission, in Decision No. 13232, dated March 1, 1924, granted to Pacific Electric Railway Company, a corporation, a certificate of public convenience and necessity to operate an automobile stage service between the intersection of West boulevard and West Sixteenth street in the city of Los Angeles, and the intersection of Ocean and Utah avenues in the city of Santa Monica, via Pico boulevard, in the county of Los Angeles, California, and denied the other three applications.

Petitions for rehearing were filed by the city of Santa Monica and Greater Pico Street Association, Incorporated. The Commission having granted a rehearing by order issued April 2, 1924, a rehearing was had in Los Angeles on April 24 and 25 and May 8 and 9, 1924, when the matters were duly submitted on briefs. Briefs have been filed and the matters are now ready for decision.

The petition for rehearing filed by the city of Santa Monica alleged, (a) that an order granting such a certificate should not have been made by the Commission without imposing as a condition the obtaining of a permit or franchise from the city of Santa Monica for the use of the streets within the city of Santa Monica; (b) that there was injected by the Commission, there being no application by any of the applicants to that effect, the question of the ability or willingness of any of the applicants to establish and maintain a rail line over the route mentioned at a future date, and that the Commission, exceeding its jurisdiction, imposed such a provision in the order granting the certificate; (c) that the city of Santa Monica can produce evidence upon a rehearing to prove that said decision would deprive its citizens of a low fare compatible with adequate transportation service between the city of Santa Monica and the city of Los Angeles, that the citizens of Santa Monica are now at the mercy of the Pacific Electric Railway Company in the matter of transportation rates and services to Los Angeles and that

there are no practical means of obtaining relief from alleged excessive railway rates because the factors that enter into the regulation of rates are so varied and require such a degree of expert auditing as to make it impracticable for such a community as the city of Santa Monica to institute proceedings for relief from rates now charged by the Pacific Electric Railway Company.

The petition filed by the Greater Pico Street Association, Incorporated, alleged, (a) that the schedule of fares authorized under the certificate granted to the Pacific Electric Railway Company are in the main excessive and unreasonable; (b) that the Railroad Commission exceeded its legal authority in providing in the order granting the certificate for a possible future rail line over Pico boulevard; (c) that the Los Angeles Railway operates a line over Pico boulevard to Mullen avenue near Vineyard station and that to grant the Pacific Electric Railway Company or any other company the right to build a rail line over Pico boulevard from Mullen avenue to the west city limits would prevent the said Los Angeles Railway Company or any other company from exercising a lawful right to secure a franchise for the extension of or building of an independent line over said street within the district which is wholly within the city of Los Angeles.

Subsequent to the date of the Commission's Decision No. 13232 and prior to the date of the rehearing, the Pacific Electric Railway Company filed with the Commission a tariff schedule reducing some of the fares provided for in its original tariff schedule filed with its application. At the rehearing the Pacific Electric Railway Company filed another amended tariff schedule further reducing some of its fares between intermediate points and from intermediate points to termini but not reducing its proposed through fares, single or round trip, between Los Angeles and Santa Monica. During the rehearing the Pacific Electric Railway Company, through the statement of its passenger traffic manager, O. A. Smith, offered to issue transfers to or from its proposed Pico boulevard bus line from or to any of its local railway lines within Santa Monica, Ocean Park or Venice.

Applicant D. G. Henderson at the rehearing also amended his application, eliminating any operation between the terminus of either of the railway lines at or near Vineyard station and the downtown section of Los Angeles, and filing a new schedule of rates, the general effect of which was an increase over the rates proposed as amended in his original application except as to through fares between termini.

At the rehearing in these matters H. G. Weeks entered appearance on behalf of the Los Angeles Railway Corporation and protested against any certificate being granted by the Commission for motor bus transportation that would parallel that railway company's existing service in the city of Los Angeles.



H. A. Lorentz, chief engineer of the board of public utilities of the city of Los Angeles, testified at considerable length in support of the certificate to Pacific Electric Railway Company as provided in the Commission's order in Decision No. 13232. Mr. Lorentz particularly pointed out the importance of the coordination and ultimate unification of the transportation systems within the city of Los Angeles and referred to pending surveys looking to the perfecting of such a coordination. He emphasized the importance of the Commission recognizing Pico boulevard as one of the main thoroughfares between Los Angeles and the sea at Santa Monica and of providing for railway service within the near future along a route closely parallel to Pico boulevard. He stated that in his opinion the time was now ripe for railway service along Pico boulevard to a distance of three miles beyond Vineyard. He also stated that in his opinion Pico boulevard should in the main be reserved as a thoroughfare for vehicular traffic and that when the railway line is established it should preferably be along a private right of way or an adjacent street closely parallel to Pico boulevard. He further supported the limitation of the proposed motor bus line to a terminus at or near Vineyard station, stating that the present congested condition of the street traffic in the downtown section of Los Angeles makes it very undesirable for additional motor bus transportation from outside points to operate in that congested area.

J. C. Steele, mayor of the city of Santa Monica, and seven other witnesses testified on behalf of the city of Santa Monica in support of the application of the Bay Cities Transit Company. These witnesses urged the importance from the standpoint of the citizens of Santa Monica of securing lower rates if possible between Santa Monica and Los Angeles than those that now apply over the Pacific Electric Railway lines and also emphasized the desirability of having transfers from the proposed Pico boulevard motor bus line to and from the existing transportation lines within the city of Santa Monica. These witnesses claimed to express the feeling of many citizens in Santa Monica that the only way in which they could hope to secure relief from what they believed to be unreasonable rates over the present railway lines would be by means of some form of competitive transportation between Santa Monica and Los Angeles.

In addition to these witnesses, testimony was further given by officers of the Bay Cities Transit Company and by the passenger traffic manager of the Pacific Electric Railway Company.

There was no active participation in this rehearing by either the United Stages, Incorporated, or D. G. Henderson, except that counsel for D. G. Henderson filed an amended application with an amended tariff schedule of rates and made a statement that said D. G. Henderson would undertake to abide by those amended rates for a period of two

years and would meet any losses that might be sustained in these operations within that time from other sources or his private funds.

Practically all of the testimony in the hearings throughout this proceeding has gone to show that the transportation over or near Pico boulevard between Los Angeles and Santa Monica will within a short time prove to be transportation of a major character, that the population is rapidly developing throughout the entire district bordering along Pico boulevard and that the proposed initial service of from forty-five minutes to sixty minutes headway would apply only to the early period of the operation, that within a year or so a fifteen-minute service would be required and that eventually a still more frequent service will be necessary.

In considering the granting of certificates of public convenience and necessity, it is the policy of the Railroad Commission to require evidence of the financial ability and responsibility of the applicant commensurate with the character and extent of the operations proposed. This is particularly necessary in considering the granting of a certificate for a proposed operation that, beginning in a relatively small way, will soon inevitably grow into operations on a large scale. Without such provision the public can not be assured of adequate or permanent service.

Accordingly the question of the financial ability and responsibility of the respective applicants in these matters with respect to the proposed operations was given serious and extended consideration. It was shown that the Pacific Electric Railway, with its large capital and resources, and with its demonstrated ability to finance new developments involving the expenditure of hundreds of thousands or millions of dollars, and with its present large equipment of motor busses, its announced policy to broadly increase its motor transportation business, having already purchased and now available for operation a number of the Fageol motor busses of twenty-nine-passenger capacity which it proposes to operate on this route, is financially able and ready to proceed with this proposed operation and to increase its equipment as the public necessity demands.

The testimony in the original hearing in these proceedings showed that D. G. Henderson is financially able to meet the requirements of the proposed operation over Pico boulevard and that he has been a successful operator of rent motor busses for sightseeing, subdivision and motion picture purposes in Los Angeles, but has not operated motor busses in regular city or suburban transportation involving time schedules and fixed individual rates.

United Stages, Incorporated, has conducted successful operations of motor stages on long distance lines to Imperial Valley and other points in southern California. The testimony of T. Morgan, president and

general manager of this corporation, given at the original hearing in these proceedings, showed that this company had not at that time the available funds with which to establish the proposed operations on Pico boulevard but that Mr. Morgan personally held securities in another motor transportation company which he believed could be sold for about \$30,000 and that he could, with such proceeds, finance the purchase of the initial equipment required for the proposed operation on Pico boulevard. The availability of such funds for immediate operations being of a more or less speculative character and no further evidence having been given by this company to show that it would be able and prepared to finance the purchase of the necessary additional equipment that would be required to meet a fifteen-minute or better service within a year or so, and having in mind the extensive obligations for long distance service already assumed by this carrier, the Commission is doubtful whether this company is financially prepared, in justice to its existing public obligations, to assume this additional responsibility at this time. Its proposed rates, moreover, do not offer any more attractive basis than the other applicants.

Bay Cities Transit Company revealed, both in the original hearing and in the rehearing, that it does not possess the funds necessary to pay for the initial equipment required in the proposed operations and that outside of the speculative possibility of selling stock not now authorized to the public, which, however, it would not be willing in any case to sell to such an amount as to lose control of the company, it would have to depend upon borrowed money to begin the proposed operations and upon surplus earnings to pay the capital cost of the initial equipment and for the purchase of the additional equipment that would be required for a more frequent than forty-five-minute service. Counsel for this company stated that arrangements had been made whereby it could borrow \$10,000 from the bank on its note. This would, however, only pay for about 40 per cent of the cost of the initial equipment and would be payable to the bank within a limited period of time. In the earlier part of the rehearing a citizen of Santa Monica, R. H. Burke, expressing an earnest desire to secure for Santa Monica a competitive transportation service, offered on behalf of himself and certain of his associates to investigate the affairs of this company and if its financial condition justified such an undertaking, they would be prepared to provide a sum of money up to \$100,000 to finance the proposed Pico boulevard operations. At a later part of the rehearing Mr. Burke appeared and stated that after having gone into the matter further with the officers of the company and his associates he had found that there was nothing in the financial condition of the company that would justify his assuming the responsibility which he had tentatively offered at the previous hearing.

It is at this point primarily that the application of Bay Cities Transit Company fails to meet the requirements of public convenience and necessity, and it is at this point that the petitioner city of Santa Monica, whose seven witnesses at the rehearing and whose counsel in argument supported the application of Bay Cities Transit Company, fails to establish its case. It is not deemed a practicable or sound principle to finance original cost of equipment out of earnings and at the same time provide adequate depreciation and maintenance, and such sums as will be required for necessary additions and betterments during the progress of operations.

The primary interest of the citizens of Santa Monica and the duty of the Commission lie in the safeguarding of adequate provision for the existing operations of transportation companies now operating in that community. Anything that would tend to jeopardize the existing service, or that would tend to prevent such transportation companies from adequately meeting the full growing demands of such service would not meet the requirements of public convenience and necessity.

Witnesses from Santa Monica testified to their satisfaction with the existing service of Bay Cities Transit Company, yet others testified that that company's equipment might be greatly improved. The testimony of the manager of this applicant company shows that this company now operates in all thirty-four busses in Santa Monica, and that already these busses show an accrued depreciation of \$28,817 on an original cost of \$92,677. This figure was based on an estimated depreciation of 25 per cent a year. That assumes that the remaining \$63,860 of the original cost value of \$92,677 would be entirely wiped out in three years' time. Even though it should be admitted that these busses may continue to be useful in service for some years beyond the full maturity of their estimated accrued depreciation, they must all be replaced by new busses eventually, and this process of replacement must be provided for by adequate funds if the service is not to be crippled when it is most needed. If then there should prove to be any surplus earnings from the existing operations of this company in Santa Monica and Sawtelle, they should in large measure be conserved to provide for additions and betterments to the existing service as required.

It is admitted by all applicants that the proposed Pico boulevard operations would be conducted at a loss for some time, most of the applicants estimating losses for six months to a year. It would require three busses for the initial service on a forty-five-minute schedule at a cost of \$8,250 each or \$24,750 in all.

The general testimony shows that the time schedule would have to be increased with the growing traffic to a possible fifteen-minute service within a year or so. That would require nine busses at a cost of

approximately \$75,000. Toward this purchase Bay Cities Transit Company has nothing to offer except a bank loan of \$10,000, on a six months note, a theoretical sale of stock not authorized, and a purpose to meet capital expenditures out of surplus earnings when no surplus earnings are assured for some time to come. Manifestly on this basis alone, without respect to any other considerations, the application of Bay Cities Transit Company should be denied.

The matter of rates was gone into in detail and as thoroughly as possible in respect to a proposed operation, the revenues from which can not on any basis be ascertained at this time.

Pacific Electric Railway Company and Bay Cities Transit Company both offer to give transfers to or from their proposed Pico boulevard lines from or to their existing motor bus or electric railway lines in their local operations in Santa Monica, Ocean Park or Venice. This offer on the part of Pacific Electric Railway Company was not made in its original application, but was made through the testimony of its passenger traffic manager and in the brief of its counsel. Without the provisions of this transfer the proposed rates from certain points in the city of Los Angeles over the electric line to Vineyard station and thence over the motor stage line to Santa Monica and other beach points would exceed the existing fares between the same terminal points over the railway company's parallel railway lines.

The Pacific Electric Railway Company offers various forms of multiple ride or commutation rates, the economic value of which to the communities interested may not appear upon the surface if a comparison be made as between the four respective applicants herein only on the basis of one-way and round-trip fares. The records of the Pacific Electric Railway Company, as testified to by its passenger traffic manager, O. A. Smith, show that on this company's parallel railway lines between Los Angeles and Santa Monica 85 per cent of the traffic is on commutation rates,  $13\frac{1}{2}$  per cent on round-trip rates, and only  $1\frac{1}{2}$  per cent on one-way fares. Mr. Smith claims that this experience will be borne out in the proposed motor stage operation over Pico boulevard. No competent opposing or alternate evidence was offered to show that the distribution of traffic over the proposed Pico boulevard route would be different in principle from that experienced over the parallel railway lines; except that it was pointed out that the proportion of traffic on commutation rates might be even greater in the proposed Pico boulevard operation, inasmuch as the great majority of tourist and recreational travelers going direct from Los Angeles to Santa Monica and other beach points would undoubtedly continue to follow the railway lines particularly because the Los Angeles terminal or starting point is at Vineyard station, some distance from the center of Los Angeles. In making a comparison of rates offered by the four

respective applicants herein we shall accordingly assume that at least 85 per cent of the travel will be on commutation rates,  $13\frac{1}{2}$  per cent on round-trip rates, and  $1\frac{1}{2}$  per cent on one-way fares.

The Pacific Electric Railway Company offers six varieties of commutation rates, including ten-ride book, family book (30 rides), school book (46 rides), week-day book (54 rides), monthly book (62 rides), and sixty-ride book. United Stages, Incorporated, offers three varieties of commutation rates, including family book (30 rides), school book (45 rides), and sixty-ride book. Bay Cities Transit Company offers two forms of commutation rates, namely, family book (30 rides) and sixty-ride book. D. G. Henderson offers a form of commutation rate, namely, a family book of thirty round trips.

The effect of these commutation rates, when taken in conjunction with records showing that 85 per cent of the travel is transported in that manner, is to completely change the relative standing of the respective applicants as to the average of their proposed rates taken as a whole in comparison with their proposed one-way rates, which are almost never used, or with their round-trip rates, which are only used in the small proportion of  $13\frac{1}{2}$  per cent of the total travel. In fact, although Pacific Electric Railway Company proposes somewhat higher rates than any of the other three applicants for individual one-way trips and for individual round trips, when this applicant's entire schedule of commutation rates is considered in its full volume in conjunction with its relatively higher one-way and round-trip rates, the average rate or cost per trip on the basis of travel heretofore experienced is actually lower both as to through travel between Los Angeles and Santa Monica and as to travel from most all of the intermediate points to the termini than the average rate or cost per trip of any of the other three applicants.

To make this comparison we have taken an average of 100 trips from Vineyard station in Los Angeles to the various fare-break intermediate points indicated on the tariff schedule of the Pacific Electric Railway Company, and to the terminus at Santa Monica; and we have assumed that eighty-five of these trips would be on a rate equal to the average commutation rate cost per trip from terminus to terminus or from the respective intermediate points to one of the termini, in accordance with the various schedules of commutation rates offered by the four respective applicants. We have further assumed that thirteen and one-half trips would be taken between the same points at a per trip cost of one-half of the round-trip rate, and further that one and one-half trips would be taken between the same points on a one-way fare basis. Moreover, to arrive at a per trip cost on commutation rates we have taken an average of the commutation rates by dividing the total price of all

commutation books offered by the respective applicants by the total number of trips available through those commutation books.

By this method of computation the weighted average effect of the various proposed rates as a whole offered by the four respective applicants is indicated in the following comparative table showing the average cost per trip in cents from Vineyard station in Los Angeles to each of the intermediate points given as fare-break points in the schedule of the Pacific Electric Railway Company and to the terminus of Santa Monica.

The Pacific Electric Railway Company in its original proposed tariff schedule provided for certain commutation rates between Vineyard station and Preuss road, which were eliminated in this applicant's amended proposed tariff as given in its amended Exhibit "B." The Commission will restore those commutation rates—Vineyard to Preuss road—in its order herein, and will accordingly include them in the computation of comparative weighted average per trip cost as follows: Family ticket \$1.95; school ticket \$2.99; week-day ticket \$3.51; monthly ticket \$3.90, and sixty-ride ticket \$3.90.

*Weighted Average Cost Per Trip.*

Vineyard to:	Pacific Electric Cents	Bay Cities Cents	Henderson Cents	United Stages Cents
Cochran avenue -----	6	5	5	6.19
Fairfax avenue -----	6	5	5	7.26
Preuss road -----	6.98	7.64	5	8.05
Beverly drive -----	8.92	10.41	13.72	9.80
Hillcrest and Rancho clubs -----	9.97	10.41	13.72	9.80
Parnell avenue -----	11.40	13.23	13.72	13.86
104th street -----	13.91	15.12	13.72	13.93
122d street -----	14.70	15.12	18.30	16.43
Santa Monica terminus -----	15.73	17.24	20.41	17.14
Other points in Santa Monica, Ocean Park and Venice -----	15.73	17.24	25.41	22.14

The above table clearly shows that on an assumed basis of 85 per cent travel on commutation rates, 13½ per cent on round-trip rates, and 1½ per cent on one-way fares the rates offered by the Pacific Electric Railway Company compare favorably and in most cases advantageously with those offered by the other applicants. It is claimed by the Pacific Electric Railway Company that the spread of rates as proposed by it involving lower commutation rates and relatively higher one-way and round-trip rates works to the advantage of the residents of the districts bordering the route of travel because experience has shown that these local residents take full advantage of the low commutation rates offered.

From the above analysis of proposed rates and from the preceding review of the financial responsibility of the respective applicants, without any other consideration that may be involved, it is clear that public

convenience and necessity will be better served by the granting of a certificate by the Commission to the Pacific Electric Railway Company rather than to any of the other applicants.

In addition to these factors of the situation, the Commission is impressed with the importance of the testimony of F. A. Lorentz, chief engineer of the board of public utilities of Los Angeles, with respect to the desirability of coordinating the proposed transportation over Pico boulevard, one of the city's main thoroughfares covering 75 per cent of the proposed route, with one or other of the existing transportation systems of Los Angeles. Undoubtedly the intensive development of population in the district bordering on both sides of Pico boulevard will from time to time require the establishment or extension of other lateral lines along the route which in turn should tie in with the Pico boulevard or other parallel transportation lines.

The petitioners, the city of Santa Monica and the Greater Pico Street Association, protested against the provision in the Commission's order in Decision No. 13232, which refers to a possible future electric railway service over and along or near Pico boulevard. That provision is as follows:

(1) Applicant Pacific Electric Railway Company shall file, within a period not to exceed thirty (30) days from and after the date hereof, its written acceptance of the certificate herein granted, which written acceptance shall be accompanied by a resolution of the board of directors of said Pacific Electric Railway Company, duly certified by the secretary thereof, in form approved by this Commission, declaring that said Pacific Electric Railway Company does declare its intention to serve the section of territory here in question with electric rail transportation service as a part of its electric rail transportation system as a common carrier within the general region in which this territory is located, if and when public convenience and necessity will be conserved by the undertaking of such service, and agreeing for said company to seek the necessary franchises therefor and thereafter to construct and operate an electric rail service over and along or near Pico boulevard from Los Angeles to some suitable terminus in Santa Monica, at such time as this Commission, in the exercise of its regulatory jurisdiction over said company, shall find, after public hearing and investigation, that traffic conditions and population have so developed along this route that public convenience and necessity require the establishment of electric railway service therethrough in lieu of or in addition to the automobile bus service here in question; and shall also find that the returns from traffic which might then reasonably be expected would reasonably meet the operating costs and a return upon the necessary investment.

The petitioners allege that the Railroad Commission exceeded its jurisdiction in injecting into the hearing of the above mentioned applications the question of the ability or willingness of one or more or any of the applicants to maintain a rail line over the route mentioned at a future date, and that there was not before the Commission in that hearing any application, paper or motion of the Commission raising this question.

The facts in this matter are as follows:

1. On December 3, 1923, at a hearing of Application No. 9470 in which Pacific Electric Railway Company was seeking the transfer to it



of certain operative rights in motor bus or stage operation from the Pacific Electric Land Company, counsel for both applicants stated that it was the purpose of Pacific Electric Railway Company to go into motor bus operation on a broad scale and that such motor bus operation would be an integral part of that company's existing transportation system as a whole. In the discussion in that hearing concerning what was involved in the integral relation of the proposed motor bus operation to the company's existing electric railway transportation system, various questions were raised, including the question of the substitution of electric railway service for motor bus service, if and when public convenience and necessity should so require.

2. The matter thereafter came up on the following day in the hearing when Counsel Libby, representing applicant United Stages, stated that he was present at the hearing of Application No. 9470, and requested that the record of that proceeding be admitted into the record of proceeding herein. Thereupon and thereafter from time to time in this proceeding, the question of the possible substitution at some future time of electric railway service for the proposed motor bus service on Pico boulevard was discussed by counsel for Pacific Electric Railway Company, by counsel for the other applicants and by the Commissioner presiding. (Transcript, page 121 *et seq.*)

The matter was thereupon discussed from time to time throughout the hearing. In due course Mr. O. A. Smith, on behalf of Pacific Electric Railway Company and on the authority of the directors of that company, offered a stipulation to provide such an electric railway service on a proper showing of public convenience and necessity if and when it should be so required. (Transcript, page 709 *et seq.*) This brought the matter formally before the Commission in said hearing.

Considerable time was devoted at the rehearing to arguments of counsel and to the testimony and cross-examination of F. A. Lorentz, chief engineer of the board of public utilities of Los Angeles, and that testimony at the rehearing greatly strengthened the importance of the provision as made in the Commission's order in Decision No. 13232, although it also went to show that the future railway service might preferably be established on a right of way or on a parallel street near to Pico boulevard rather than directly upon this highway. The order of the Commission in Decision No. 13232 clearly provides for such a choice of location, "over and along or near to Pico boulevard." It is manifestly a great advantage to the communities bordering Pico boulevard to be able to definitely rely upon the assurance that if and when conditions should so develop as to require it, especially in the event of rapid transit being developed, upon a proper showing the Railroad Commission can order such an addition or substitution of rail service as is provided in the order in Decision No. 13232.

Moreover, nothing in said order interferes with the possibility of the existing line of Los Angeles Railway Corporation on Pico street being extended at some future time over Pico boulevard if public convenience and necessity should so require. In this respect one of the objections of petitioner Greater Pico Street Association is reasonably met.

The petitioner city of Santa Monica further objects to the order of the Commission in Decision No. 13232, alleging that the Railroad Commission exceeded its jurisdiction in granting a certificate of public convenience and necessity authorizing an operation over the streets of the city of Santa Monica without imposing as a condition for the granting of said certificate the obtaining of a permit or franchise from the city of Santa Monica for the use of said streets within the city of Santa Monica.

The legislature of the State of California exercising its plenary power provided for in section 22 of article XII of the constitution of California, enacted the Auto Stage and Truck Transportation Act, chapter 213, Statutes of 1917, as amended by chapter 280, Statutes of 1919, thereby vesting in the Railroad Commission exclusive power to control, regulate and grant certificates of public convenience and necessity for auto stage operations by transportation companies over any public highway in this state between fixed termini or over a regular route and not operating exclusively within the limits of an incorporated city or town or of a city and county.

Accordingly the Commission can see no force in this objection by the city of Santa Monica.

Certain amendments to the tariff schedule of rates having been filed at the rehearing, and the offer having been made for the issuance of transfers to or from the proposed Pico boulevard motor bus line from or to any of the local lines operating in Santa Monica, Ocean Park and Venice, by the Pacific Electric Railway Company, the order herein will provide for such amendments to the schedule of rates and to the rules and regulations filed under the original order in Decision No. 13232. In all other respects the order as provided in said Decision No. 13232 should be sustained.

I submit the following order:

#### ORDER.

The city of Santa Monica and Greater Pico Street Association, Incorporated, having filed petitions for rehearing in the above entitled matters, a rehearing having been granted and a public hearing having been held thereon before Commissioner Shore, briefs having been filed, the matters having been duly submitted and the Commission being now fully informed in the matters, both as to the facts and the law, and no new evidence having been introduced which would justify the Com-

mission in modifying or changing its Decision No. 13232 heretofore rendered on March 1, 1924, except as hereinafter provided with respect to certain amended rates and rules and regulations by applicant Pacific Electric Railway Company:

*It is hereby ordered*, that the Railroad Commission's Decision No. 13232, dated March 1, 1924, be and the same is hereby modified as follows:

Applicant Pacific Electric Railway Company shall file, within a period not to exceed twenty (20) days from the date hereof, in duplicate, tariff of rates identical with the tariff of rates submitted at the rehearing herein and marked Amended Exhibit "B," with the addition of commutation rates between Vineyard station and Preuss road as provided in the above opinion, together with such necessary and proper rules and regulations as will place such fares and the transfer privileges between the proposed motor bus line operating over Pico boulevard and the existing street railway lines within Santa Monica, Ocean Park and Venice, in full force and effect.

In all other respects this Commission's Decision No. 13232, dated March 1, 1924, is hereby affirmed.

Applicant Pacific Electric Railway Company shall file, within a period not to exceed ten (10) days from and after the date hereof, its written acceptance of the certificate heretofore granted in Decision No. 13232, and as herein modified.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fourth day of July, 1924.

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DECISION No. 13842.

IN THE MATTER OF THE APPLICATION OF COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, FOR A SUBWAY CROSSING UNDER THE TRACKS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, WEST OF CHRISTIE.

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Application No. 5180.

Decided July 25, 1924.

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MARTIN, *Commissioner*.

**OPINION.**

This is an application of the county of Contra Costa requesting that the Commission make its order requiring a separation of grades at the existing crossing of the Franklin Canyon road across the tracks of The Atchison, Topeka and Santa Fe Railway Company near Christie station.

Public hearings on this matter were held on February 11, 1920, September 26, 1923, and July 11, 1924.

The Franklin Canyon road is one of the important county highways extending from Martinez through the Franklin Canyon to the town of Hercules and is one of the more important traffic arteries of the county. This highway crosses the main tracks of The Atchison, Topeka and Santa Fe Railway immediately west of Christie station. The highway has been paved with concrete pavement for its entire length, except for a distance of 1207.3 feet across and immediately adjacent to this railroad crossing.

It appears that there is no dispute between the parties as to the desirability and justification of a separation of grades between this important highway and the railroad, but the matter of deciding on the proper plan and the apportionment of the cost of the work were matters of dispute at the earlier hearings. More recent studies have been made, and the plans presented at the earlier hearings have now been discarded by both parties in favor of a modified plan upon which the county and the railroad company agreed. These agreed plans were filed at the last hearing and designated Applicant's Exhibit G-1 and G-2.

These plans provide for the construction of a subway with a clear width 29 feet measured at right angles to the roadway, and at an angle of 40 degrees 27 minutes under the tracks of the Santa Fe at a point approximately 60 feet easterly, measured along the railroad from the center line of the existing grade crossing. By selecting this location and this angle of skew, it will be possible to construct the subway with such an alignment on the road as to give a sight distance of over 1500 feet through the subway; this being a requirement which representatives of the county considered very important for the safety of the road. The proposed location of the subway will also permit the use, with a slight modification, of the existing grade crossing during the construction, and will not require that an excessive amount of new right of way be purchased.

The estimated cost of the crossing under the plan now proposed is given as \$88,701. This amount does not include the cost of constructing and grading the roadway outside of the limits of the railroad's right of way lines; nor does it include the cost of paving the road surface through the subway. The county agrees to pay for the last two named items. The parties agree to share equally the cost of constructing the subway itself including all necessary work to be done between the right of way lines of the railroad company, exclusive of paving.

The plan now agreed upon by the parties appears to be a proper and satisfactory plan for the elimination of the existing grade crossing, and the agreement which has been made as to the division of costs appears just and equitable.

The following form of order is recommended:

**ORDER.**

The county of Contra Costa having made application for an order authorizing the construction of a subway on Franklin Canyon road near Christie station under the tracks of The Atchison, Topeka and Santa Fe Railway Company, public hearings having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that the county of Contra Costa be and it is hereby granted permission to construct an undergrade crossing under the tracks of The Atchison, Topeka and Santa Fe Railway Company west of Christie station, county of Contra Costa, State of California, approximately sixty (60) feet easterly, measured along the railroad from the center line of the existing grade crossing, in accordance with Exhibits G-1 and G-2 filed at the hearing held July 11, 1924, and subject to the following conditions:

(1) All clearances shall comply with the Commission's General Order No. 26.

(2) Said subway shall be constructed in accordance with detailed plans which shall be filed with and approved by the Commission.

(3) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said subway.

(4) The authorization herein granted for the installation of said crossing will lapse and become void one year from the date of this order unless further time is granted by subsequent order.

*It is hereby further ordered*, that the expense of constructing that portion of the subway and roadway, except the paving, within the limits of the railroad right of way lines shall be equally divided between the applicant and The Atchison, Topeka and Santa Fe Railway Company. The cost of constructing and grading the roadway outside of the limits of the railroad right of way lines, and the cost of paving the entire roadway, shall be borne by applicant.

Cost of maintenance of superstructure of said subway shall be borne by The Atchison, Topeka and Santa Fe Railway Company. Cost of maintenance of the substructure and roadway shall be borne by applicant.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of July, 1924.

## DECISION No. 13843.

IN THE MATTER OF THE APPLICATION OF A. B. WATSON, TRANS-  
ACTING BUSINESS UNDER THE FICTITIOUS NAME AND STYLE  
OF CROWN STAGE LINES, FOR CERTIFICATE OF PUBLIC CONVEN-  
IENCE AND NECESSITY TO OPERATE PASSENGER, BAGGAGE AND  
EXPRESS SERVICE BETWEEN HUNTINGTON BEACH AND LONG  
BEACH.

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Application No. 9771.

Decided July 25, 1924.

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*Clyde Bishop and L. W. Blodgett, for Applicant.*  
*E. E. Morris, O. A. Smith and H. O. Murler, for Pacific Electric Railway, Protestant*  
*T. A. Woods, for American Railway Express, Protestant.*

BY THE COMMISSION.

**OPINION.**

A. B. Watson, transacting business under the fictitious name and style of Crown Stage Lines, has applied to the Railroad Commission for a certificate of public convenience and necessity to operate passenger, baggage and express service between Huntington Beach and Long Beach.

Public hearings were held by Examiner Williams at Huntington Beach.

Applicant herein seeks certificate of public convenience and necessity providing for an extension of its service between Santa Ana and Huntington Beach to Long Beach. At the original hearing applicant asked permission to amend its application requesting permission to operate as through cars automobile stages from the city of Riverside through Santa Ana to Huntington Beach and thence from Huntington Beach to Long Beach and authority to connect up its separate operations, as now authorized and as herein sought, in a continuous through line from Riverside to Long Beach. In the amended application applicant also withdrew request for permission to transport express and packages originating in Huntington Beach or Long Beach or intermediate points as requested originally and upon this amendment by applicant protest of American Railway Express was withdrawn.

Applicant has recently acquired under Decision No. 13475 the local line between Riverside and Santa Ana heretofore operated by J. C. Best. Applicant also operates a line from Santa Ana to Long Beach by way of Garden Grove, Westminster and Seal Beach. Permission to connect with through service the line from Riverside to Santa Ana with the operation by way of Westminster is also sought in the amended application.

Applicant proposes to operate two through schedules daily between Riverside and Long Beach via Santa Ana, leaving Riverside at 8.50 a.m. and 2 p.m. and leaving Long Beach at 6.57 a.m. and 5.57 p.m.,

giving a running time of three hours and twenty minutes between Long Beach and Riverside by way of Huntington Beach and Seal Beach. An alternate schedule leaving Long Beach at 9.30 a.m. and 1.15 p.m. and leaving Riverside at 11.00 a.m. and 4.20 p.m. is also provided by way of Garden Grove and Westminster. It is thus proposed to give four through round trips daily between Riverside and Long Beach.

Schedules of fares are offered in Exhibit "A" attached to the application and applicant proposes the use of safety coaches, which equipment is now generally in use in his various operations.

An important part of his application is the extension sought between Huntington Beach and Long Beach. This met opposition on the part of the Pacific Electric Railway, which has long maintained rail service between termini as a part of its Los Angeles-Newport-Balboa through line. Recently a new concrete state highway, connecting termini and paralleling the tracks of the railway company line, has been opened to the public and offers ideal conditions for stage operation.

In support of its application many witnesses were introduced to show a public demand for this extension. These witnesses were from Huntington Beach, Talbert, Wintersburg and points along applicant's present service between Santa Ana and Huntington Beach. It was their testimony that frequently they wished to travel to Long Beach and preferred a through stage service to a change at Huntington Beach to cars of protestant Pacific Electric Railway. These witnesses complained that the service maintained by this protestant is inadequate and inconvenient because of the transfers necessary either at East Long Beach or at North Long Beach in order to reach the business portion of the city of Long Beach. Testimony of these witnesses was not impressive that there is either a large population to be served by such an operation or that there would be any considerable use of the service.

Witnesses were also introduced from Huntington Beach and from Sunset Beach, Anaheim Landing and other intermediate points between Huntington Beach and Long Beach, to show a necessity for additional service to and from Long Beach. The main complaint of all these witnesses was that the service into Long Beach was not so objectionable as the return service. Witnesses described how they made good connections with the inbound local cars at the points of transfer to Long Beach but on returning failed to connect with the less frequent service on the Los Angeles-Huntington Beach service, necessitating waits sometimes of an hour or more for these cars, as the only service maintained by protestant Pacific Electric Railway between Long Beach and Huntington Beach is the through service alluded to. Similar complaint was made by several witnesses from Huntington Beach.

The comparison of the service offered by applicant with that offered by the Pacific Electric Railway shows that applicant offers six schedules

daily between Huntington Beach and Long Beach, beginning at 7.26 in the morning and ending at 7.40 in the evening. Operation from Long Beach to Huntington Beach has seven schedules, beginning at 6.57 in the morning, the last car leaving Long Beach at 10.30 p.m. This provides an operation practically every two hours from each terminal.

Protestant Pacific Electric Railway provides fourteen services from East Long Beach and North Long Beach to Huntington Beach and vice versa, beginning at 5.50 a.m. at North Long Beach and 4.56 a.m. at East Long Beach and with the last car leaving East Long Beach at 12.29 a.m. and leaving Huntington Beach at 11.36 p.m. The headway varies from one hour and five minutes in peak travel hours to two hours and twenty minutes at other times. Except for variations in the time of the arrival and departure it is apparent that the service offered by applicant is not an improvement in quantity over the existing service. The benefit offered by applicant's service is the through direct transportation of passengers from Huntington Beach to Long Beach to the business portion of the city without transfer and this seemed to be the burden of all the witnesses produced by applicant.

Protestant Pacific Electric Railway through its traffic passenger manager, O. A. Smith, introduced exhibits and testimony concerning the operation now established and which protestant regards as adequate. It was Mr. Smith's testimony that through service to Long Beach had been planned for a long time but that recent decline in production in the Huntington Beach oil field had reduced traffic to a point where a through service seems an unprofitable venture. He also testified that a physical connection has now been made at Seal Beach between the main line operating to Huntington Beach and the lines operating into the city of Long Beach which would make through service practicable but in his judgment would be unprofitable and that such through service would not be established unless required by this Commission.

Exhibits filed by this protestant included a traffic check (Protestant's Exhibit No. 2) made on April 16, 1924, showing the passengers destined to points other than Long Beach on this line showed that fifty passengers were transported from Long Beach to Huntington Beach and intermediate points, of whom fourteen boarded the Huntington Beach car at Willowville, thirty-five at East Long Beach and one at Seal Beach. In opposite direction forty-eight passengers boarded the cars at Huntington Beach and points intermediate to Seal Beach, of whom thirty-three transferred to Long Beach cars at East Long Beach and fifteen at North Long Beach. This did not include conductor's cash fares. Another exhibit (Protestant's Exhibit No. 3) shows that the revenue from business between Huntington Beach and Long Beach during March, 1924, was \$352.32 in cash fares and \$258.24 from com-



mutation books. Another exhibit (Protestant's Exhibit No. 4) showed the monthly revenue of the line (including all the business between Los Angeles, Huntington Beach and Newport Beach) from March, 1922, to and including February, 1924. The significant feature of this exhibit is that the apex of traffic is shown to be in August, 1923, when 77,909 passengers were transported and a revenue of \$30,000.39 earned. The average for a year previous had not dropped below 50,000 passengers a month. From August, 1923, to February, 1924, a gradual decline of both passengers and revenue is shown, until in February 44,365 passengers were carried (the smallest quantity in two years) and the earnings reduced to \$16,151.83 (also the smallest in two years). This was explained by Mr. Smith to be due to the falling off of activity in the oil fields adjacent to Huntington Beach and it was his testimony that even with the best earnings possible the road was still unprofitable. Mr. Smith admitted that there had been some laxity in not providing for positive connecting schedules with the Long Beach local service and that probably such positive connection, together with a fair amount of prudence on the part of the passengers in boarding local cars to meet these connections, would obviate much of the complaint.

It appears from the testimony in this proceeding that there does exist a need for better transportation facilities between Huntington Beach and Long Beach than is now provided by protestant Pacific Electric Railway. The record is not convincing, however, that the remedy is the establishment of a competitive stage operation paralleling the entire trackage of fourteen miles at a time when this important rail service is at the low ebb of patronage and revenues. From all evidence before us it appears that the situation can be best met by the establishment of a through service between Huntington Beach and Long Beach by protestant Pacific Electric Railway, and this service may be established by using a connection recently installed at Seal Beach and by the operation of a sufficient number of through cars between Huntington Beach and Long Beach, utilizing this connection to meet public requirements. From the testimony it appears that there has been considerable increase in population in the past four or five years at all the points served by protestant and that it is probable a through rail service would receive much better support than the transfer service now established. This we believe, would adjust the service to the needs of the public, eliminate just complaint now existing and relieve this protestant of the necessity of meeting competition of a stage operation.

In reaching this conclusion we are not unmindful of the advantages, both as to operation and equipment, proposed by applicant but a long familiarity with the operation of protestant between termini leads us to conclude that it is incumbent on protestant to provide adequate

service and that it should be required so to do. Should protestant fail to establish such through service then the commission may reconsider application herein.

Upon the record, therefore, as indicated above, we find as a fact that public convenience and necessity do not require at this time the operation proposed by applicant between Huntington Beach and Long Beach and that the application therefor should be denied without prejudice. We also find as a fact from the record herein that public necessity does require the establishment by protestant Pacific Electric Railway of a through service adequate as to equipment and schedules between termini and the order herein will direct this protestant to establish such service.

Applicant's request for a certificate for through service from Riverside to Long Beach via Huntington Beach is of course included in the denial of a certificate of the right to operate between these termini. Exhibit filed by applicant (Applicant's Exhibit No. 1) showed that for the twelve months ending March, 1924, applicant had transported between Riverside and Long Beach by transfer at Santa Ana and over its line via Westminster 4860 passengers in both directions, an average of slightly over thirteen daily. It was the testimony of L. H. Shute, manager of applicant's lines, and R. C. Best, manager of applicant's Riverside branch, that a majority of these passengers complained of the transfer necessary at Santa Ana. Proof as to the necessity of a through service between Riverside and Long Beach via Westminster is found only in the testimony of two of applicant's officers and is not sufficient in our judgment to justify the grant at this time.

#### ORDER.

A. B. Watson, doing business under the fictitious name of the Crown Stages, has made application to the Railroad Commission for a certificate of public convenience and necessity to operate passenger, baggage and express service between Huntington Beach and Long Beach and to operate through stages between Riverside and Long Beach via Huntington Beach and via Westminster, a public hearing having been held, the matter having been duly submitted and now being ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity do not require the operations proposed by applicant herein at this time and that the application herein be denied without prejudice.

*It is hereby ordered*, that the above entitled application be and the same hereby is denied.

*It is further ordered*, that protestant Pacific Electric Railway herein having opposed the application herein on the ground that its service is now adequate and sufficient and the Commission finding as a fact herein

that said service is not adequate or efficient but that same may be easily made so by the establishment of through service between Huntington Beach and Long Beach.

*It is hereby further ordered*, that protestant Pacific Electric Railway within thirty (30) days from date hereof file with this Commission its fares and schedules for a through service between Huntington Beach and Long Beach, via Seal Beach, and that said service be established within sixty (60) days after date hereof.

Dated at San Francisco, California, this twenty-fifth day of July, 1924.

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DECISION No. 13852.

IN THE MATTER OF THE APPLICATION OF THE CITY OF SANTA MONICA FOR AN ORDER AUTHORIZING THE CROSSING OF RAILROAD TRACKS OF SOUTHERN PACIFIC RAILROAD COMPANY ET AL., AT GRADE AT SIXTH STREET, IN SAID CITY.

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Application No. 9449.

Decided July 28, 1924.

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*Chester L. Coffin*, City Attorney, for Applicant.

*Frank Kurr*, for Southern Pacific Railroad Company, Southern Pacific Company and Pacific Electric Railway Company.

*John R. Berryman*, for Los Angeles County Grade Crossing Committee.

BY THE COMMISSION.

OPINION ON REHEARING.

The Commission, in its Decision No. 13146, issued February 13, 1924, denied the above entitled application. Applicant filed a petition for rehearing in this matter March 4, 1924.

In the petition for rehearing it is alleged in effect that subsequent to the hearing on this application the city of Santa Monica has revised its plans for the method of making the proposed grade crossing at Sixth street with particular reference to eliminating the hazard set forth in the Commission's decision referred to above, due to lack of visibility and steepness of grades of approach at the proposed grade crossing and that applicant now desires to set before the Commission such revised plans; that applicant proposes to establish such safety devices at or near the grade crossing as to give adequate protection to the public.

A public hearing was held on the petition for rehearing in the above entitled matter before Examiner Williams in Santa Monica, May 20, 1924.

At the rehearing in this matter applicant introduced its revised plans for the proposed grade crossing. These plans show that the city of Santa Monica now desires to construct Sixth street from Colorado avenue to Pennsylvania avenue, within which distance the grade cross-

ing applied for is located, with the following grades: Colorado avenue to railroad right of way, a distance of some 400 feet on a 2.59 per cent grade, descending toward the railroad, thence on a grade of 5.3 per cent over the 100-foot right of way descending toward the south, crossing the track at grade, thence from the railroad right of way to Pennsylvania avenue some 260 feet on a grade of 3.74 per cent descending toward the track. City engineer of Santa Monica testified that he would recommend lowering the established grade at Sixth and Pennsylvania avenue two or three feet, which would reduce the rate of grade from the railroad right of way to Pennsylvania avenue to 2.54 per cent. The contemplated grade of 2.59 per cent between Colorado avenue and the railroad property involves the abolition of that portion of the spur tracks and a lumber shed within the proposed street, located some 165 feet southerly from Colorado avenue. These grades of approach are materially less than those proposed at the original hearing in this matter.

To provide better view conditions at the requested grade crossing applicant proposes to remove the wedge of earth within the 100-foot railroad right of way for a distance of 100 feet along the track on either side of Sixth street.

The cost of the proposed grade crossing, exclusive of providing any protection at this track, but including paving, sidewalk and curb, was estimated by applicant to be \$22,260. This plan contemplates grading of an 80-foot highway. If a grade crossing were to be constructed an automatic flagman should be installed which would add an additional expense of some \$600, making a total of approximately \$22,860.

Pacific Electric Railway Company presented an estimate showing that an overgrade structure could be installed, exclusive of paving and sidewalks on that portion of the street outside the limits of the overgrade structure, for \$13,560. This improvement to consist of an overhead timber structure 300 feet long carrying a 20-foot roadway and two 6-foot sidewalks and providing for earth-filled grades of approach on either side of the timber structure. The earth fills to diverge from a width of 40 feet at either end of the timber structure to the maximum width permissible within the 80-foot street so that the fills would not run outside the street lines. To compare the two estimates, the paving, sidewalks and curbs of that portion of Sixth street not within the limits of the timber overgrade, must be subtracted from the city's estimate, which amounts to \$6,280, leaving a total of \$16,577 for the city's plan as compared to the cost of the overgrade structure proposed by Pacific Electric Company of \$13,560. The Commission's engineers stated that they had prepared an estimate which very closely checked in plan and cost with that presented by Pacific Electric Company, but

as there was practically no opposition to either of the estimates presented as to quantity or unit costs, the Commission's engineers did not introduce their estimate in evidence.

The Los Angeles County grade crossing committee appeared to oppose the granting of this application on the ground that, under the conditions when the physical conditions were so favorable to a grade separation, public convenience and necessity does not warrant the hazard that would be incident to the construction of the proposed grade crossing applied for herein.

There is no question but that the plan for a grade crossing as now presented by the city is less hazardous and less objectionable than that presented when this matter was before the Commission at the prior hearing, but it also appears that a reasonably adequate grade separation can be effected here for a less amount of money than it would cost to construct the grade crossing under the city's modified plan. Applicant argues that the timber structure has a short life and would require a higher maintenance cost than would a grade crossing. The testimony shows that the existing timber overgrade structure at Seventh street within 400 feet of the crossing applied for herein was constructed over thirty years ago and that, with only minor expenditures for maintenance, it is still in service, and that the estimated life of the timber overgrade structure proposed by Pacific Electric Company is at least twenty-five years.

The evidence introduced at the rehearing in this application substantiates the Commission's conclusion reached in its prior order in this matter that this application for a grade crossing at Sixth street should be denied. In view of the fact the physical conditions at the proposed crossing lend themselves so favorably to an overgrade crossing, it appears that authority for such a structure should be granted at this time, as we understand the city has received the necessary property to extend Sixth street from Colorado avenue to Pennsylvania avenue and, if it is the desire of the city of Santa Monica to open Sixth street across the railroad by the construction of an overgrade crossing, the course will then be opened for such an improvement without further presentation to this Commission. The order will so provide.

#### ORDER ON REHEARING.

The city of Santa Monica having made application for a rehearing on the above entitled application, wherein authority is asked for permission to construct a grade crossing at Sixth street over a railroad track owned by Southern Pacific Railroad Company which is now leased and operated by Pacific Electric Railway Company in the city of Santa Monica, a public hearing having been held on the application for rehear-

ing, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that Commission's order in its Decision No. 13146, dated February 13, 1924, in so far as permission to construct Sixth street over said tracks is denied, be and it is hereby sustained.

*It is hereby further ordered*, that permission and authority be and it is hereby granted to the city of Santa Monica, county of Los Angeles, State of California, to construct an overgrade crossing at Sixth street across the track of Southern Pacific Railroad Company, known as the "Santa Monica Air Line," now leased by Pacific Electric Railway Company at the location shown on the map attached to the application, said crossing to be constructed subject to the following conditions, namely:

(1) The overgrade crossing shall be constructed at Sixth street extended across the track in accordance with plans which shall have been approved by this Commission.

(2) The entire expense of constructing the overgrade crossing shall be borne by applicant. The cost of its maintenance thereafter shall be borne by applicant, except that any damages caused by the operations of the railroad shall be borne by the railroad.

(3) Said overgrade crossing shall conform with the requirements of this Commission's General Order No. 26 with respect to clearances.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said overgrade crossing.

(5) If said overgrade crossing shall not have been installed within one year from the date of this order the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(6) The Commission reserves the right to make such further order relative to the location, construction, operation, maintenance and protection of said overgrade crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this twenty-eighth day of July, 1924.

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DECISION No. 13856.

IN THE MATTER OF THE APPLICATION OF THE COUNTY OF LOS ANGELES, THE CITY OF LOS ANGELES, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY, THE PACIFIC ELECTRIC

RAILWAY COMPANY AND THE LOS ANGELES RAILWAY CORPORATION FOR A JUST AND EQUITABLE APPORTIONMENT OF THE COST OF THE CONSTRUCTION OF SIX CERTAIN VIADUCTS ACROSS THE LOS ANGELES RIVER, IN THE SAID CITY OF LOS ANGELES, AT MACY, ALISO, FIRST, FOURTH, SEVENTH AND NINTH STREETS.

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Application No. 9671.

Decided July 30, 1924.

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BY THE COMMISSION.

**SECOND PRELIMINARY ORDER.**

In the above entitled proceeding the Commission is requested, among other things, to approve certain plans for a viaduct at Macy street and to apportion the cost thereof among the interested parties. Hearings have been held and evidence introduced as to the type of structure to be constructed at this location and as to the apportionment of the cost thereof.

Detailed plans of the Macy street viaduct have been filed in this proceeding as city of Los Angeles' Exhibit No. 12. It appears that all applicants agree upon these plans in so far as they pertain to that portion of the viaduct extending from the westerly bank of the river easterly to the west line of Mission road, but do not agree as to the type of the west approach of the viaduct, nor as to the apportionment of cost of any portion of the structure. All interested parties have, however, joined in a request that, pending a decision of the Commission as to these disputed matters, authority be given for the construction of that portion of this viaduct on which there is no disagreement as to plans, such authority to be without prejudice as to any findings later to be made by the Commission with respect to the disputed matters. It appears to the Commission that this request is just and reasonable and should be granted.

Now, therefore, as a second preliminary order in this proceeding, and specifically reserving for further consideration in any future order or orders the subject of the approval of plans for the west approach of said Macy street viaduct and the apportionment of the cost of this viaduct, both as to construction and maintenance, and all matters relative to the construction, maintenance and apportionment of cost of the other viaducts mentioned in the application herein;

*It is hereby ordered*, that the plans and specifications shown on city of Los Angeles' Exhibits Nos. 12-A, 12-B, 12-C, 12-D, 12-E, 12-F and 12-G be and they are hereby approved in so far as they pertain to the main river span of the Macy street viaduct and the easterly approach thereto; and

*It is hereby further ordered*, that the county of Los Angeles, the city of Los Angeles, the Atchison, Topeka and Santa Fe Railway Company, the Los Angeles and Salt Lake Railroad Company and the Los Angeles Railway Corporation be and they are hereby directed to proceed with the construction of that portion of the Macy street viaduct, the plans of which are hereinbefore approved; and

*It is hereby further ordered*, that the interested parties may agree that one of them shall acquire the necessary lands, settle claims for damages and make contracts for the construction of that portion of the viaduct herein approved. Should they fail to agree in this regard, such disagreement shall be reported to the Commission, whereupon an appropriate order will be entered.

The effective date of this order shall be three (3) days from and after the date hereof.

Dated at San Francisco, California, this thirtieth day of July, 1924.

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DECISION No. 13857.

IN THE MATTER OF THE APPLICATION OF SAN DIEGUITO MUTUAL WATER COMPANY, A CORPORATION, TO SELL, AND SAN DIEGUITO WATER COMPANY, A CORPORATION, TO BUY, CERTAIN PROPERTIES.

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Application No. 10318.

Decided July 31, 1924.

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*Chickering and Gregory*, by Allen L. *Chickering*, for San Dieguito Water Company.  
*U. T. Clotfelder*, by M. W. *Reed*, for San Dieguito Mutual Water Company.

MARTIN, *Commissioner*.

**OPINION.**

In this application the San Dieguito Mutual Water Company, a corporation, asks authority to transfer certain property consisting of water rights, reservoirs, dams and conduit systems in San Diego County, to the San Dieguito Water Company, a corporation, which joins in the application.

The application alleges in effect that the San Dieguito Water Company is the owner of water rights, dam sites and other property along and adjacent to the San Dieguito River in San Diego County, and lying east of the property of the San Dieguito Mutual Water Company, and that the properties of both companies can be developed and operated most advantageously by the San Dieguito Water Company.

Both applicants disclaim any purpose or intention of being or becoming a public utility, and the application is made solely for the purpose of removing any possible question which might later be raised concerning the validity of a transfer of the properties.



A public hearing in this matter was held in San Francisco after due notice had been given so that all interested parties might appear and be heard.

The evidence submitted indicates that the public interest will be served best by the consolidation contemplated herein, and it is evident that in so far as the jurisdiction of this Commission may extend, authority for the transfer should be granted. It will therefore be unnecessary at this time to give consideration to the public utility status of either applicant.

The following form of order is submitted :

#### ORDER.

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the matter ;

*It is hereby ordered*, that San Dieguito Mutual Water Company, a corporation, be and the same is hereby authorized to transfer to San Dieguito Water Company, a corporation, all those certain water rights, reservoirs, dams and conduits in and on the San Dieguito River and located in San Diego County, California, more particularly described in the application herein, upon the following conditions :

1. The authority herein granted shall apply only to such transfer as shall have been completed on or before December 31, 1924, and a certified copy of the final instrument of conveyance shall be filed with this Commission by San Dieguito Mutual Water Company, a corporation, on or before January 31, 1925.

2. The consideration given for the transfer of the properties herein authorized shall not be urged before this Commission or any other public body as a finding of value for rate fixing or for any purpose other than the transfer herein authorized.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirty-first day of July, 1924.

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DECISION No. 13858.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES TERMINALS,  
INCORPORATED, FOR PERMISSION AND AN ORDER AUTHORIZING  
ISSUE OF CAPITAL STOCK.

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Application No. 10313.

Decided July 31, 1924.

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W. A. Barnhill, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Los Angeles Terminals, Incorporated,

1. To issue and sell for cash at par 250 shares of its capital stock of the aggregate par value of \$25,000; and
2. To use the proceeds to be received from the sale of \$10,000 of stock to pay organization and incorporation expenses and to provide working capital; and
3. To use the proceeds to be received from the sale of the remaining \$15,000 of stock, when and as needed, for the purposes of carrying on the business of the company.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

Los Angeles Terminals, Incorporated, was organized on or about July 16, 1924, and has an authorized capital stock of \$25,000 divided into 250 shares of the par value of \$100 each, all shares being common. The company's articles of incorporation, a certified copy of which is filed with the application, permit it, among other things, to do a general brokerage, commission, forwarding and export business, and to engage in the transportation of freight for hire to and from the harbor of Los Angeles and various ports of the world in foreign countries and ports on the Pacific coast and ports of the State of California, by means of ocean going steamships and other water craft, and to rent or lease terminal sites and facilities, including the necessary real property and improvements necessary to carry on its business, and to establish and maintain warehouses for the storage of merchandise.

Although the company's articles of incorporation permit it to engage in business of a public utility nature, it is of record that its operations, at the outset at least, will be confined to nonpublic utility business, it being the intention of the company at present to lease a terminal site in Los Angeles harbor and to act as forwarding agent for freight to be transported by others. Inasmuch as applicant's operations may be enlarged and expanded at some future period to include one or more of the additional activities, both public utility and nonpublic utility, permitted by the articles of incorporation, it has been decided, in order to remove any possible doubt of the validity of the stock to be issued, to file this application with this Commission, although the company's operations, at present, will be of a nonpublic utility nature. At the same time, so testimony herein shows, a similar application has been filed with the Commissioner of Corporations.

At this time, the record shows, it is proposed to issue and sell only \$10,000 of stock, it being thought that not more than that amount of

cash will be necessary to pay the incorporation and organization costs and fees, and to provide the company with working cash capital. The remaining \$15,000 of stock will be sold only when and as found necessary by the company. The order herein, therefore, while authorizing the issue of \$25,000 of stock, will permit of the expenditure at this time of only \$10,000 of the proceeds. Before the remaining \$15,000 of proceeds may be used, applicant must obtain from the Railroad Commission a supplemental order, or orders, authorizing the expenditure. To obtain such supplemental orders the company should file with the Commission formal requests for permission to use the proceeds; such requests to show the amount of proceeds it is desired to expend and, in some detail, the purposes for which it is intended to use such proceeds.

#### ORDER.

Los Angeles Terminals, Incorporated, having applied to the Railroad Commission for permission to issue and sell \$25,000 of stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted, and that the money, property or labor to be procured or paid for through the issue and sale of \$10,000 of stock, is reasonably required at this time for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that Los Angeles Terminals, Incorporated, be and it is hereby authorized to issue and sell for cash at not less than par, on or before June 30, 1925, two hundred and fifty shares of its common capital stock, of the aggregate par value of \$25,000.

*It is hereby further ordered*, that Los Angeles Terminals, Incorporated, be and it is hereby authorized to use the proceeds to be received from the sale of not exceeding \$10,000 of the stock herein authorized to pay incorporation and organization expenses and to provide working capital.

*It is hereby further ordered*, that the proceeds to be received by Los Angeles Terminals, Incorporated, from the sale of \$15,000 of the stock herein authorized may be expended only when and as authorized by the Commission in a supplemental order or orders.

*It is hereby further ordered*, that Los Angeles Terminals, Incorporated, shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds, as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this thirty-first day of July, 1924.

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DECISION No. 13859.

IN THE MATTER OF THE APPLICATION OF THE CITY OF BURLINGAME  
FOR A CROSSING OVER THE TRACKS OF THE SOUTHERN PACIFIC  
COMPANY AND THE MARKET STREET RAILWAY COMPANY AT  
MORRELL AVENUE.

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Application No. 9603.

Decided July 31, 1924.

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*John F. Davis*, for Applicant.

*F. W. Mielke*, for Southern Pacific Company.

*Wm. M. Abbott* and *K. W. Cannon*, for Market Street Railway Company.

*WHITTLESEY*, Commissioner.

**OPINION.**

In this application the city of Burlingame asks permission to construct Morrell avenue at grade across the double track main line of Southern Pacific Company and the nearby double track main line of Market Street Railway Company. The proposed crossing would also cross a ten-foot right of way on the northeasterly side of the Southern Pacific's right of way belonging to The Pacific Telephone and Telegraph Company and a strip of land about forty feet wide between the two railroad rights of way belonging to private parties.

A public hearing was held in this proceeding on February 18, 1924, at Burlingame.

Morrell avenue is the most northwesterly of the roads running northeast and southwest through the Villa Park subdivision of Burlingame. This subdivision lies on the bay or northeasterly side of the two railroads. The property northwest of this subdivision is devoid of houses and is held in one large holding by the Winchester Estate. The property on the southeast side of the Villa Park tract is known as the Corbitt subdivision. The latter subdivision is sometimes included with the former under the one name of Villa Park. Testimony of the city clerk shows there are thirty-seven residences in the Villa Park subdivision proper and twenty-three residences in the Corbitt subdivision, or a total of sixty residences interested to some degree in this crossing.

Park or Villa avenue, which is parallel to and about seven hundred and fifty feet distant from Morrell avenue, separates these two subdivisions but does not cross the railroad tracks. Oak Grove avenue runs along the southeasterly side of the Corbitt subdivision and crosses both

lines of railroad. The northwesterly and southeasterly roads through the Corbitt tract are not parallel or opposite the corresponding roads in the villa tract, thus necessitating two sharp turns in driving from Oak Grove avenue to Morrell avenue, a distance of less than fifteen hundred feet.

The San Mateo Union High School is built on a 20.73-acre tract on the southeasterly side of Oak Grove avenue. This tract is adjacent to a 10-acre tract occupied by a public park which is bounded on its southeasterly side by Burlingame avenue. This avenue crosses the railroad tracks at North and South lanes, one on each side of the Southern Pacific Burlingame station building, which straddles Burlingame avenue and makes necessary the use of two crossings, where one would perform better service. A roadway has been built through the high school and park grounds along the Southern Pacific right of way from North lane to Oak Grove avenue. This street layout requires traffic to make a number of short runs with right angle turns close to the railroad, and thus creates a condition which is more than ordinarily hazardous at times of heavy travel, such as are occasioned by athletic meets at the high school.

The nearest crossing to the northwest of Morrell avenue is at Broadway station about a half mile distant. The nearest crossing to the southeast is at Oak Grove avenue about three-tenths of a mile distant. San Mateo drive, which is adjacent and parallel to the southwesterly right of way line of Market Street Railway Company, connects the crossings of Burlingame avenue, Oak Grove and Broadway, but as there is no similar road on the Villa Park tract side of the railroads except through the high school grounds as hereinbefore mentioned, it is impossible for residents of this tract to reach Broadway station and vicinity without first going southeast to Oak Grove avenue, crossing at that point and doubling back on San Mateo drive.

Residents of the Villa Park tract claim that the lack of a crossing at Morrell avenue forces a number of commuters to San Francisco to travel from Burlingame station rather than from Broadway station at an additional commutation fare of about forty cents a month. It was also claimed that the Oak Grove crossing, 1537 feet south of Morrell avenue, is blocked at times by trains and that at such times it is impossible in case of fire in the Villa Park tract for the city fire apparatus to reach the fire without considerable loss of time. However, other testimony shows that the crossings have not been blocked for nearly a year's time and that the opening of the Morrell avenue crossing would in no way shorten the distances that the fire apparatus, town tradesmen and other vehicles would have to travel in order to reach this section from Burlingame proper.

The Winchester tract, at a distance of approximately 1250 feet north of the intersection of Morrell avenue and Second avenue, is only approximately 950 feet wide between the railroad right of way and the bay shore, according to Market Street Railway Company's Exhibit No. 1. It is proposed to build a new through highway from San Francisco south on the east side of the railroad and this highway will pass through this narrow strip of land. Broadway will undoubtedly be extended easterly to this highway and it will be comparatively easy to connect the Villa Park tract with the highway. This will give the residents of this tract an automobile outlet to Broadway station and San Francisco, and thus afford substantially the same traffic relief that would be provided by the construction of the proposed crossing.

Both of the railroad companies were opposed to the opening of Morrell avenue across their tracks on account of the hazard due to crossing four main line tracks and on account of impaired view conditions and steep short grades of approach. The view of the tracks is badly obstructed by a long line of large, closely set eucalyptus trees extending parallel with the tracks of the two companies on the narrow strip of privately owned right of way between them.

Southern Pacific Company claimed public convenience and necessity did not require a crossing at Morrell avenue and based its opinion on traffic counts taken at Broadway and Oak Grove crossings and filed as its Exhibits Nos. 9, 10, 11 and 12. These exhibits show the following traffic results:

Time		Oak Grove Crossing		Time		Broadway Crossing	
S a.m. Feb. 8 to	Autos	-----	418	S a.m. Feb. 7 to	Autos	-----	44
S a.m. Feb. 9,	Pedestrians	-----	466	S a.m. Feb. 8,	Pedestrians	-----	81
1924.	Motorcycles	-----	1	1924.	Motorcycles	-----	0
	Bicycles	-----	94		Bicycles	-----	3
	Teams	-----	1		Teams	-----	0
	Total	-----	980		Total	-----	128
S a.m. Feb. 10 to	Autos	-----	496	S a.m. Feb. 10 to	Autos	-----	28
S a.m. Feb. 11,	Pedestrians	-----	475	S a.m. Feb. 11,	Pedestrians	-----	103
1924.	Motorcycles	-----	3	1924.	Motorcycles	-----	1
	Bicycles	-----	96		Bicycles	-----	8
	Teams	-----	5		Teams	-----	4
	Total	-----	1075		Total	-----	144

From 71 to 93 high-speed Southern Pacific Company trains pass daily over these two crossings and Market Street Railway Company inter-urban cars run under a ten-minute headway about every five minutes over the crossings, taking into account headway in both directions. This traffic count shows that approximately half of the traffic over the Oak Grove crossing is pedestrian in character and that auto traffic amounts to only some twenty per hour. It may be that there is a necessity for a pedestrian crossing in this neighborhood, but it is not clear

from the testimony that this pedestrian crossing should be at Morrell avenue.

The whole crossing situation in Burlingame is unsatisfactory and dangerous and it would be preferable for the city to use the several thousand dollars estimated as the cost of installing this proposed grade crossing toward a separation of grades at some other point.

Giving due consideration to the more than ordinary hazard involved, and the relatively small amount of traffic over the nearby crossing at Oak Grove avenue, it would appear that the proposed crossing is not a public convenience and necessity and that this application should be denied.

#### ORDER.

The city of Burlingame having made application to this Commission for permission to construct a crossing at grade across the tracks of the Southern Pacific Company and the tracks of the Market Street Railway Company at Morrell avenue, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that the above entitled application be and the same hereby is denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirty-first day of July, 1924.

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#### DECISION No. 13862.

IN THE MATTER OF THE APPLICATION OF REDONDO HOME TELEPHONE COMPANY (A CORPORATION) FOR A REVISION OF ITS RATES FOR TELEPHONE SERVICE.

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Application No. 9560.

Decided August 2, 1924.

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*D. Joseph Coyne*, for Applicant.

*Frank L. Perry*, for the Cities of Redondo Beach and Manhattan Beach.

*C. A. Bridge*, for the City of Hermosa Beach.

*Frank L. Perry, J. E. Barker and C. A. Bridge*, for the Cities of Redondo Beach, Hermosa Beach and Manhattan Beach.

*SHORE*, Commissioner.

#### OPINION.

Redondo Home Telephone Company, in its application, asks for a revision of its present rates for service and for such other and further relief, that it may be able to obtain sufficient revenues to enable it to secure funds with which to carry out its completed program for additions to its plant and betterments to its service.

Applicant claims that on account of the great increase in number of subscribers its system has become inadequate in many localities and that its facilities must be extended immediately, both to afford to its present subscribers service for which they have already applied and to provide means to serve the future demand for service. Applicant further claims that the rates now in effect do not yield sufficient revenues to enable it to meet its actual and reasonable maintenance and operating expenses, together with a reasonable depreciation annuity, and to give a return on the fair value of its properties used and useful in rendering service to the public so that it can sell its securities in order to obtain funds with which to make necessary additions and extensions to its properties.

Applicant operates a manual telephone exchange in the city of Redondo Beach, furnishing exchange service throughout the cities of Redondo Beach, Hermosa Beach and Manhattan Beach. Toll or long distance service is available to the subscribers of applicant over the lines of the United States Long Distance Telephone and Telegraph Company and The Pacific Telephone and Telegraph Company. The population as shown by the cities' directories as of July 1, 1923, totals 14,355 for the three cities served by applicant. These cities are rapidly growing and it is now estimated that the present population will be increased to at least 37,000 by the year 1930.

The development of applicant's system, as of February 1, 1924, shows that telephone service is furnished to 1710 subscribers by means of 579 lines. This telephone development is equivalent to one telephone station to each eight people, or twelve telephones to every one hundred people. This is a relatively low telephone development when compared with other towns of similar size. In California towns having a population of from ten to twenty thousand, the population per telephone station varies from 4.6 to 7.2, which is an average of six persons to every telephone or sixteen telephones to every one hundred people.

There has been considerable complaint to the effect that applicant has not sufficient facilities necessary to render service as has been demanded. This condition is indicated by the above figures and it is also admitted by applicant.

Applicant submitted, through Mr. Ernest Irwin, an inventory and appraisal of its properties as of June 1, 1923, together with additions and betterments made subsequently, bringing the valuation up to January 1, 1924. A summary of this appraisal, representing the historical reproduction cost of applicant's properties, is shown in the following table:



## SUMMARY OF VALUATION OF PLANT OF REDONDO HOME TELEPHONE COMPANY.

	Valuation as of June 1, 1923	Additions and betterments June 1, 1923, to Jan. 1, 1924	Valuation as of Jan. 1, 1924
Organization -----	\$1,000 00	-----	\$1,000 00
Franchises -----	500 00	-----	500 00
Land -----	1,000 00	-----	1,000 00
Central office equipment—			
Switchboard -----	13,726 55	88 69	13,735 24
Other equipment -----	480 76	32 20	512 96
Station apparatus -----	14,582 92	1,983 54	16,566 46
Station installations -----	3,443 90	865 29	4,309 19
Private branch exchanges -----	1,065 21	171 65	1,236 86
Exchange pole lines -----	24,697 70	229 84	24,927 54
Exchange aerial cable -----	14,792 13	334 79	15,126 92
Exchange aerial wire -----	22,152 77	2,806 81	25,019 58
Exchange underground conduit -----	5,376 86	212 08	5,588 94
Exchange underground cable -----	6,844 09	22 88	6,866 97
Furniture and fixtures -----	3,535 41	29 80	3,565 21
Store and shop fixtures -----	33 00	-----	33 00
Garage equipment -----	3,113 52	1,105 51	4,549 03
General tools -----	266 36	100 75	367 11
Totals -----	\$117,541 18	\$7,963 83	\$125,505 01

This inventory and appraisal has been checked by Mr. F. M. Casal, assistant engineer of the California Railroad Commission, and with the exception of the item of "Organization," the above figures may be accepted as representing a reasonable historical reproduction cost of applicant's operative properties as of January 1, 1924.

A statement showing the results of applicant's operations during the past year, together with the Commission's check of operating revenues and expenses for the year ending January 31, 1924, are as shown in the following table:

## OPERATING REVENUE AND EXPENSES OF REDONDO HOME TELEPHONE COMPANY.

	Applicant's Exhibit No. 5, 1923	Railroad Commission's Exhibit No. 1, Feb. 1, 1923, to Jan. 31, 1924
<b>Revenue—</b>		
Exchange service -----	\$43,058 14	\$44,381 60
Toll service -----	5,733 06	5,844 15
Miscellaneous -----	26 85	2 25
Total -----	\$48,818 05	\$50,228 00
<b>Expenses—</b>		
Maintenance -----	\$11,790 55	\$12,607 00
Traffic -----	9,454 84	9,501 00
Commercial -----	3,140 06	3,170 00
General -----	6,489 32	6,541 00
Taxes -----	2,934 16	2,806 00
Uncollectible bills -----	380 54	400 00
Total -----	\$34,189 97	\$25,115 00
Net for interest and depreciation -----	\$14,628 08	\$15,113 00
Depreciation -----	5,170 28	5,052 00
Net for interest -----	\$9,457 80	\$10,061 00

Applicant's net earnings of \$9,457.80, as shown in its Exhibit No. 5, are equivalent to a return of 7.7 per cent and the net return for interest of \$10,061, as determined by the Commission and as set forth in the above table, is equivalent to a return of 8.3 per cent on a reasonable rate base as herein found reasonable. It is apparent, from these figures, that under present conditions of operation applicant needs no relief in the form of increased rates.

Applicant's plant as a whole is, and has been for some time, very congested and overloaded. New subscribers can not be furnished service except in case of a vacancy resulting from a discontinuance of an existing service or by degrading an existing service. To relieve this condition and in order that applicant will be in a position to render a service which the subscribers and public are entitled to enjoy, it will be required to make immediate expansion and addition to its present plant. Applicant has definite plans providing for an increase in its plant, which it believes will correct the present conditions and enable it to take care of the present and future demands of service.

Applicant has already contracted for additional central office equipment and associated apparatus, costing approximately \$9,000, and which it contemplates will be installed during the latter part of this year. The installation of this board should afford the necessary relief required in central office capacity. Applicant's plans for outside plant construction, including aerial and underground cable and suburban construction, will involve the expenditure of \$65,000 and these facilities will be installed during the years 1924 and 1925 as the needs for service demand. These figures have been checked and I am of the opinion that applicant will be required to expend at least this amount to bring its plant into a condition that satisfactory service may be rendered.

Applicant in this proceeding asks that this Commission allow it to make effective certain increases in rates, over those now existing, in order that it might be in a position to finance its proposed construction program. Although it is a proper procedure for a utility to request the opinion of this Commission relative to the propriety of making certain expenditures, yet this Commission can not allow a utility to charge and collect rates in excess of those which are reasonable, either for the payment of capital expenditures or that the utility might finance itself under more favorable conditions. If, however, a utility wisely makes investments that adequate and efficient service will result, then that utility may expect rates which will take account of expenditures.

Applicant's average investment during the year 1923 was \$72 per station and its operating revenues and expenses as shown in the preceding table for the year 1923 amount to \$29.60 and \$23.60 per station respectively. Under conditions which should normally exist after

applicant has completed additions to its plant necessary to serve the present undeveloped business and to adequately provide for future business which may be expected. applicant's investment will total approximately \$92.50 per station. Operating expenses for this same period should amount to not more than \$26 per station and under these conditions, assuming the present rates to be in effect, the resulting return to applicant will then amount to approximately 7 per cent. On this basis applicant may be entitled to an increase in rates. The time at which such an increase may become effective will, however, depend upon the time when applicant is able to bring its system up to the point where adequate and satisfactory service will be rendered. This may be determined upon proper showing before this Commission that such condition exists and at the time this is done the relief set forth in the order following, if then needed, will be granted by supplemental order.

The modifications in the present rates which it appears should be made and, if made, will result in an increase in rates sufficient to give applicant a reasonable and fair return, will be an increase of 25 cents per station for individual line business and residence service and an increase of 25 cents per trunk for private branch exchange service. The company has also, at the present time, a number of hand microphone sets and the proposed rate for this service is the rate for wall set, plus 75 cents.

At the present time applicant is furnishing an eight-party service to both business and residence subscribers within the primary rate area. It does not appear to be in the interest of the subscribers to continue this service and this particular class of service should be eliminated.

After an investigation which the Commission has made it appears that certain modifications should be made in the boundaries of the primary rate area that most economical and satisfactory service may be rendered. The order following will provide that the area which is to be included in the primary rate area will be that set forth in applicant's Exhibit No. 2 in this proceeding. Under the proposed set of schedules the service to be rendered within the primary rate area is individual, two, and four party service and within the suburban area, suburban service under suburban rates in which no change is contemplated. Subscribers may also obtain the individual, two, and four party service by paying primary rate area rates for these services, plus mileage charges.

The Commission also made an extensive investigation relative to the various methods which applicant has been following in rendering service during the past, the results of which are part of this proceeding through the testimony of assistant engineer F. V. Rhodes. It seems advisable that certain changes should be made in the methods now being

followed by the applicant and as these changes can be best carried out by cooperative work between applicant and the Commission's engineering department, the order will provide that applicant make such changes as it may be informally directed from time to time by this Commission.

#### ORDER.

Redondo Home Telephone Company having made application to this Commission requesting certain revisions in its present rates for service and for such other and further relief that it may be able to obtain sufficient revenues to enable it to secure funds with which to carry out its completed program for additions to its plant and betterments to its service, a public hearing having been held, the matter being submitted and now ready for decision:

The Railroad Commission finds as a fact that the present rates and charges are just and reasonable rates for the service which applicant is now rendering under the present conditions of operation and the Railroad Commission further finds as a fact that when applicant will have completed the construction program now in progress and when applicant is in a position to render an adequate service reasonably meeting the demands for service, that the present rates and charges will at that time be unjust and unreasonable in so far as they differ from the rates set forth in the order following.

Basing its order upon the foregoing finding of fact and other facts contained in the opinion preceding this order;

*It is hereby ordered*, that Redondo Home Telephone Company be and it is hereby authorized to file and make effective the following modifications to its existing rates and charges and primary rate area upon completion of such additions and changes in its telephone plant and system that adequate service will be rendered to existing subscribers and that all reasonable demands for service may be met, and to make effective such other changes in its rates or service as may hereafter be found reasonable by this Commission, and upon proper showing before this Commission that such additions and changes have been made to its system and that adequate service is being furnished and that such relief is necessary and upon issuance of a supplemental order by the Railroad Commission.

## MODIFICATION TO EXISTING RATES.

## (a) Individual line service:

The rates for individual line business and residence service to be:

Service	Rate per month	
	Wall set	Desk set
Business service, individual line.....	\$3 50	\$3 75
Residence service, individual line.....	2 75	3 00

## (b) Private branch exchange service:

The rates for trunk lines to private branch exchange to be:

First trunk .....	\$5 50 per month
Each additional trunk .....	4 50 per month

## (c) Press service:

The rate for trunk line for press service to be the individual business line wall set rate.

## (d) Hand microphone sets:

The rate for a hand microphone set to be the wall set rate plus 75 cents per month.

## (e) Eight-party line service within primary rate area:

Eight-party line business or residence service to be discontinued within the primary rate area.

*Modification to Primary Rate Area Boundary.*

The boundary of the primary rate area to be in accordance with the proposed boundary as set forth in Applicant's Exhibit No. 2 in this proceeding.

and

*It is hereby further ordered*, that the Redondo Home Telephone Company make such modifications and changes in its records and procedures affecting service as it may be informally directed from time to time by the Railroad Commission.

The foregoing opinion and order are hereby ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this second day of August, 1924.

## DECISION No. 13863.

POSTAL TELEGRAPH CABLE COMPANY, A CORPORATION,

*vs.*

PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION.

Case No. 1362.

Decided August 2, 1924.

Willard P. Smith and Walthon C. Webb, for Complainant.  
C. P. Catten, for Defendant.

MARTIN, *Commissioner*.

## FIRST SUPPLEMENTAL ORDER.

This Commission on July 14, 1923, rendered a decision, No. 12358, in this proceeding, in which it stated that before a final order in this matter could be rendered the Western Union Telegraph Company. The Pacific Telephone and Telegraph Company and Southern Pacific Com-

pany should be given an opportunity to submit their views, as any change in the location of defendant's or complainant's lines herein involved might affect the circuits of the other utilities also located within this parallel. Accordingly this proceeding was reopened for further hearing and a public hearing was held in San Francisco on July 7, 1924, at which time the matter was submitted.

On August 24, 1923, a joint conference was held of all parties operating either power or communication circuits within this parallel, together with representatives of the Railroad Commission, before chief engineer L. S. Ready, at which the views of the utilities were obtained and plans promulgated for the relocation of the circuits involved in this parallel, that the power circuits might be on one side of the Southern Pacific right of way and the communication circuits on the other. The minutes of this informal conference are a part of the record in this proceeding.

As pointed out by the Commission's engineers at this conference, it appeared that induction into the Postal Company's circuits, due to the paralleling power circuits, could be materially reduced if the small separation between power and communication lines could be eliminated, particularly between Davis and Elmira and for a short distance in the vicinity of Vandeen.

From consideration of the evidence in this proceeding it appears that serious interference is induced into the communication circuits of the Postal Company due to the paralleling power circuits of the Pacific Company and that this interference is of such a nature that an increase of the horizontal separation between these circuits between Elmira and Davis and for a short distance near the town of Vandeen is justified. The elimination of this small horizontal separation can be obtained either by the relocation of the communication circuits, relocation of the power circuits, or by a change in location of both the power and communication circuits. It is possible either to relocate the Postal Company's communication circuits to a position just outside of the Southern Pacific Company's right of way and on the opposite side from that on which they are now located, or else to a position along neighboring highways. It is also possible to relocate the power circuits to a position along neighboring highways. The employment of joint construction of the communication circuits was considered in connection with this proceeding. This may be eliminated from further discussion due to the resulting difficulties when compared with the results to be obtained from following one of the other methods.

The final method to be selected should be one which, for the same relief, will result in the least total cost to all parties involved, which in this case is the relocation of complainant's lines. Relocating the lines

of the Postal Company in this manner should in no way affect the operation of the circuits of Western Union Company, Southern Pacific Company or The Pacific Telephone and Telegraph Company.

Another important subject involved in this proceeding is the division of costs which should be made between the plaintiff and defendant resulting from the relocation of the former's lines.

The method of dividing the cost between utilities whose lines are involved in a parallel and which require reconstruction, relocation or other changes, heretofore followed by this Commission, has been to require the utility in whose plant any capital addition is made to bear the cost of that added plant, and that changes other than capital charges in either the power or communication circuits, including the cost of remedial measures, be paid for by the party creating the parallel and the cost resulting from the planning or determination of the necessary remedial measures to be paid for by the utility making the same.

The evidence in this proceeding shows that both the power and communication circuits have been in operation for many years and long before the question of inductive interference was given serious consideration. Since that time changes have been made by both utilities in their circuits. In view of the history of the lines involved in this matter, it does not appear that the question of priority of construction should be given material weight in determining the responsibilities of payment of costs resulting in the mitigation of interference. The Commission is satisfied, however, that serious interference does result to the communication circuits due to the operation of the power circuits and that satisfactory operating conditions of the communication circuits can only be obtained by eliminating the small separation now existing between Davis and Elmira and also in the vicinity of Vandeen, and that the cost to eliminate this serious condition should be borne equally by the Postal and Pacific companies.

The following order will provide for the increasing of the horizontal separation between the power circuits of the Pacific Company and the communication circuits of the Postal Company by the relocation of the Postal Company's communication circuits either to a position along the right of way of the Southern Pacific Company and on the opposite side from where they are at present located, or else to a position along adjoining highways, and that the cost resulting in this relocation shall be divided equally between the Pacific and Postal companies.

#### ORDER.

This proceeding having been reopened for the consideration of evidence relative to the plan for relocating the circuits within this parallel and for the division of costs resulting from such changes, a public hearing having been held, the Railroad Commission **having fully considered**

all evidence in this proceeding and the matter now being ready for decision, and it appearing that by reason of the proximity of the power circuits of Pacific Gas and Electric Company and the communication circuits of Postal Telegraph Cable Company, interference results to the communication circuits of the latter company of such a nature and to such an extent as to warrant the increase of the separation between these circuits, and that the costs resulting from such changes should be borne equally by complainant and defendant;

*It is hereby ordered, that*

(1) Postal Telegraph Cable Company shall submit to this Commission for approval, within sixty (60) days of the date of this order, plans for the relocation of its communication circuits between the cities of Elmira and Davis to a new position along the northerly side of Southern Pacific Company's right of way between Elmira and Davis, or in another location equally distant from the power circuits of Pacific Gas and Electric Company.

(2) Postal Telegraph Cable Company shall submit to this Commission for approval, within sixty (60) days from the date of this order, plans for the relocation of its communication circuits in the vicinity of the town of Vandeen within that section where its circuits parallel power circuits on the same side of the Southern Pacific right of way to a new position along the southerly side of Southern Pacific Company's right of way, or in another location equally distant from the power circuits.

(3) The cost resulting from making the changes herein specified in sections 1 and 2 above shall be equally borne by Postal Telegraph Cable Company and Pacific Gas and Electric Company.

The foregoing opinion and order are hereby ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this second day of August, 1924.

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DECISION No. 13865.

IN THE MATTER OF THE APPLICATION OF THE TUSTIN WATER  
WORKS FOR PERMISSION TO MAKE A LOAN.

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Application No. 10190.

Decided August 4, 1924.

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*Walter Rawlings*, for Applicant.

BY THE COMMISSION.

**OPINION.**

C. E. Utt and Margaret R. Utt, his wife, doing business under the firm name of Tustin Water Works, ask permission to execute a mort-



gage and to issue notes in the aggregate sum of \$40,000. Applicants intend to forthwith issue a \$10,000 three-year 7 per cent note and to secure the payment of such note by a mortgage which will be a lien on the following property:

Lots ten (10), eleven (11) and twelve (12) in block forty-six (46) of the Tustin Land and Improvement Company's subdivision of a part of Tustin, as shown on a map recorded in book 13, page 81 of miscellaneous records of Los Angeles County, California. Reserving 20 feet for alley off the north end of the west one-half ( $W\frac{1}{2}$ ) of said lot ten (10).

The \$10,000 which applicants have now arranged to borrow will be used for the general extension of their water system. Applicants have approximately 425 consumers connected with their water system. There is now no mortgage on the public utility properties. The operating revenues for 1923 are reported at \$6,116.37 and for 1922 at \$5,400. The operating expenses for 1923, including \$1,000 for depreciation, total \$4,581.90 and for 1922, \$3,604.22.

No arrangements have been made to borrow the remaining \$30,000. It is of record that if applicants undertake the construction of a reservoir it may be necessary for them to borrow in excess of the \$30,000. If it becomes necessary to borrow the additional \$30,000 applicants should file a supplemental application showing the specific purposes for which they propose to expend the \$30,000.

#### ORDER.

C. E. Utt and Margaret R. Utt, his wife, doing business under the firm name and style of Tustin Water Works, having asked permission to execute a mortgage and to issue notes, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of the notes herein authorized is reasonably required by applicant;

*It is hereby ordered, as follows:*

1. C. E. Utt and Margaret R. Utt, his wife, doing business under the firm name and style of Tustin Water Works, are hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding on July 27th to secure the payment of the \$10,000 three-year 7 per cent note, the issue of which note is hereby authorized. The proceeds obtained from the issue of the note shall be used by applicants to pay for extensions, additions and betterments to their water properties.

2. C. E. Utt and Margaret R. Utt, his wife, may, upon obtaining a supplemental order from the Commission, issue additional notes in the amount of not exceeding \$30,000.

3. C. E. Utt and Margaret R. Utt, his wife, shall keep such record of the issue and delivery of the notes herein authorized and of the disposition of the proceeds as will enable them to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue notes will become effective when applicants have paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$40.

5. Under the authority herein granted, no note may be issued after February 1, 1925.

Dated at San Francisco, California, this fourth day of August, 1924.

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DECISION No. 13866.

IN THE MATTER OF THE APPLICATION OF THE SOUTHWESTERN HOME TELEPHONE COMPANY, FOR AN ORDER AUTHORIZING IT TO ISSUE ITS FIRST AND UNIFIED MORTGAGE GOLD BONDS (LATER TO BE KNOWN AS "FIRST MORTGAGE GOLD BONDS"), AND FOR AN ORDER AUTHORIZING THE USE AND SALE OF CERTAIN SERIES A BONDS FOR THE PURPOSE OF REFUNDING THE OUTSTANDING FIRST MORTGAGE BONDS HERETOFORE ISSUED BY THE COMPANY, AND FOR THE PURPOSE OF LIKEWISE REFUNDING THE FIRST MORTGAGE BONDS OF THE REDLANDS HOME TELEPHONE COMPANY, AND FOR THE PURPOSE OF DISCHARGING AND REFUNDING CERTAIN OTHER OBLIGATIONS, AND ALSO FOR THE PURPOSE OF PROVIDING FUNDS FROM TIME TO TIME IN THE FUTURE NECESSARY TO EXTEND AND ENLARGE THE BUSINESS OF THE COMPANY AND TO PAY FOR NECESSARY EXTENSIONS AND BETTERMENTS; ALSO FOR AN ORDER AUTHORIZING AND APPROVING A TRUST INDENTURE TO BE ISSUED AS OF THE FIRST DAY OF OCTOBER, A.D. 1924, COVERING ALL THE PROPERTIES OF THE COMPANY IN THE STATE OF CALIFORNIA NOW OWNED OR HEREAFTER TO BE ACQUIRED IN ITS BUSINESS.

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Application No. 10260.

Decided August 4, 1924.

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*Charles F. Potter*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Southwestern Home Telephone Company asks permission to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding and marked "Exhibit C," and to issue \$340,000 of bonds under such mortgage or deed of trust to refund indebtedness.

The Commission has on several occasions commented on the improper and excessive capitalization of the properties of the Southwestern Home Telephone Company (Decision No. 1296, dated February 24, 1914, Volume 4, Opinions and Orders of the Railroad Commission of California, page 247; Decision No. 5057, dated January 18, 1918, Volume

15, Opinions and Orders of the Railroad Commission of California, page 44).

In Decision No. 9910 (dated December 21, 1921, Volume 20, Opinions and Orders of the Railroad Commission, of California, page 1053) the Commission fixed applicant's rates. For the purpose of that proceeding the Commission's engineering department estimated the historical cost of the company's properties at \$392,148, while the company submitted figures amounting to \$511,496.51. The net cost of additions and betterments since then is reported by the company in this proceeding at \$27,042.73 which, added to the Commission's engineering department figures, makes a total of \$419,190.73; or a total of \$531,539.29, if the \$27,042.73 is added to the company's figures. In the rate decision the Commission made no definite finding as to the estimated historical cost of the company's properties, but comments on the difference between the figures submitted.

For the past three years the Southwestern Home Telephone Company reports earnings, expenses and disbursements as follows:

Item	1923	1922	1921
Operating revenue .....	\$135,796 51	\$126,434 03	\$115,446 50
Operating expenses .....	97,256 73	88,287 47	77,435 87
Net operating revenue.....	\$38,539 78	\$38,146 56	\$38,010 63
Uncollectible revenue .....	\$686 88	\$293 05	\$214 55
Taxes assignable to operation.....	8,527 61	8,223 15	8,697 01
Deductions from net revenue.....	\$9,527 61	\$8,516 20	\$8,911 56
Operating income .....	\$29,012 17	\$29,630 36	\$29,099 07
Add nonoperating income.....	998 79	175 00	310 80
Gross income .....	\$30,010 96	\$29,805 36	\$29,409 87
Deductions:			
Rent for lease of plant.....	\$5,000 00*	\$5,230 55*	\$431 40
Rent for offices.....	1,755 00	1,728 00	1,199 00
Rent for poles, etc.....	839 90	827 90	783 90
Miscellaneous rent.....			150 00
Interest on funded debt.....	18,738 39	18,230 04	22,745 81*
Other interest .....	3,579 00	3,788 87	4,099 76
Total deductions .....	\$29,912 29	\$29,805 36	\$29,409 87
Net income .....	\$98 67		

\*Includes \$5,000 interest on Redlands Home Telephone and Telegraph Company bonds.

In this proceeding applicant reports its assets and liabilities as of March 31, 1924 as follows:

<i>Assets.</i>	
Intangible capital .....	\$80,186 10
Land and buildings.....	19,259 03
Central office equipment.....	35,321 84
Station equipment .....	52,113 20
Exchange pole lines.....	166,834 41
Exchange aerial cable.....	49,934 48
Exchange aerial wire.....	98,373 42
Exchange underground conduit.....	4,319 47

Exchange underground cable.....	\$11,384	22
General equipment .....	18,350	44
Undistributed construction expenditures and interest during construction.....	37,798	21
<b>Total investment in fixed capital.....</b>	<b>\$573,874</b>	<b>82</b>
Cash and deposits.....	7,233	57
Bills receivable .....	6,649	83
Due from subscribers and agents.....	4,539	01
Miscellaneous accounts receivable.....	2,234	51
Materials and supplies.....	19,296	27
Sinking fund assets.....	5,196	18
Prepayments .....	4,086	25
Unamortized debt discount and expense.....	80,976	02
Other suspense .....	7,348	96
<b>Total .....</b>	<b>\$711,435</b>	<b>42</b>

*Liabilities.*

Capital stock outstanding.....	\$84,234	50
Redlands Home bonds.....	100,000	00
Southwestern Home Telephone bonds.....	322,500	00
Deferred interest certificates.....	48,375	00
Bills payable .....	50,500	00
Audited vouchers and wages unpaid.....	14,039	29
Miscellaneous accounts payable.....	1,524	46
Service billed in advance.....	3,227	99
Taxes accrued .....	4,929	47
Other accrued liabilities not due.....	19,277	33
Reserve for accrued depreciation.....	66,844	00
Other deferred credit items.....	234	09
	<b>\$715,686</b>	<b>22</b>
Corporate deficit .....	4,250	80
<b>Total .....</b>	<b>\$711,435</b>	<b>42</b>

Of the Redlands Home Telephone and Telegraph Company bonds, \$3,500 are in applicant's treasury, leaving \$96,500 outstanding in the hands of the public. The total bonds, notes and deferred interest certificates' aggregate \$517,875. In addition, \$177,500 of applicant's bonds are pledged as collateral.

An analysis of the company's income account for 1923 shows that approximately 71 per cent of the company's income was used to pay operating expenses; 6.5 per cent to pay taxes; and 22 per cent to pay interest and rent.

The following shows the purposes for which the company expended its 1923 income:

Total income .....	\$136,794	00
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*Disbursements.*

a. Operating expenses—	Item	Amount	Per cent
Maintenance, excluding depreciation.....		\$18,755 00	13.71
Depreciation .....		14,193 00	10.37
Traffic .....		30,164 00	22.05
Commercial .....		10,209 00	7.46
General and miscellaneous.....		23,933 00	17.49
Total operating expenses.....		97,256 00	71.00
b. Taxes .....		8,840 00	6.46
c. Interest .....		22,317 00	16.31
d. Rent .....		7,594 00	5.55
Total interest and rent.....		29,911 00	21.86

The general and miscellaneous expenses include \$13,920 for general office salaries, such salaries representing 10.17 per cent of the company's total income.

The Commission is asked to authorize the issue of \$340,000 of 6 per cent bonds to refund indebtedness of the Southwestern Home Telephone Company and the outstanding bonds of the Redlands Home Telephone and Telegraph Company, all of whose stock is owned by the Southwestern Home Telephone Company. There are reported as outstanding \$322,500 of Southwestern Home Telephone Company bonds and \$48,375 of deferred interest certificates applicable to such bonds. The company has asked the owners of the Southwestern Home Telephone Company bonds to exchange such bonds and deferred interest certificates on the basis of \$1,000 of Southwestern Home Telephone Company bonds for \$650 face value of bonds to be issued under the new mortgage of the company. It is of record that the holders of more than 80 per cent of the bonds have agreed to the exchange. No definite arrangements have been made for the refunding of the \$96,500 of outstanding Redlands Home Telephone and Telegraph Company bonds, or the \$50,500 of outstanding notes of the Southwestern Home Telephone Company. To refund a part of such notes, bonds in the amount of \$33,875 are to be reserved. The delivery of bonds to refund the notes and the Redlands Home Telephone and Telegraph Company bonds will be authorized in a supplemental order or orders in this proceeding.

The Commission is asked to authorize the Southwestern Home Telephone Company to execute a mortgage or deed of trust in substantially the same form as the mortgage or deed of trust filed in this proceeding as Exhibit "C." The initial series of bonds is to be limited to \$1,000,000. Such bonds are to be known as "Series A;" to bear 6 per cent interest; to be dated October 1, 1924, and to mature October 1, 1954. The proposed mortgage which has been submitted, we believe, should be modified in several respects. First, there should be eliminated from such mortgage, as well as from the form of the bond, the provision whereby the holders of bonds waive their rights to proceed against stockholders, directors, or officers of the company by virtue of any constitution, statute, provision or rule of law or equity, judicial proceedings, adjudication, assessment, penalty or deduction, representation or otherwise, for the payment of the principal and interest of the bonds. It is further believed that the sinking fund provisions should be modified so that the company will be required to pay to the trustee on September 1, 1928, and annually thereafter, an amount equal to one and one-half per cent of the bonds then outstanding. The company should reserve the right to make such payments either in cash or in bonds issued under the mortgage, which bonds the trustee is to accept at their par value. All moneys paid to the trustee should be used for

the purpose of redeeming bonds issued under the mortgage. The sinking fund payments should not be made dependent upon the net earnings of the company. The company should also reserve to itself the right to redeem on and after September 1, 1928, and up to and including September 1, 1934, all or any part of the bonds issued under the mortgage, at 105 per cent of the par value thereof and accrued interest; and after September 1, 1934, at one-fourth of one per cent less each year.

Under the financial plan outlined in this proceeding \$322,500 of Southwestern Home Telephone Company 5 per cent bonds and \$48,375 of deferred interest certificates will be exchanged for \$209,625 of 6 per cent bonds. Adding to this amount the \$96,500 of Redlands Home Telephone and Telegraph Company bonds and the \$50,500 of notes payable, makes a total debt of \$355,625, against an estimated cost of the properties varying from \$419,190.73 to \$531,539.29, as shown on page two of this decision. Under the set-up, the annual interest charge will be reduced from \$24,100 to \$19,552.50; a reduction of \$4,547.50. It is for the purpose of bringing about a further reduction of the bonded debt on the properties operated by applicant, that a sinking fund such as outlined herein, should be put into effect.

#### ORDER.

Southwestern Home Telephone Company, having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue under such mortgage or deed of trust \$340,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such bonds, is reasonably required by applicant and that the expenditures authorized in this order are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that the Southwestern Home Telephone Company be, and it is hereby authorized to issue not exceeding \$340,000 of first and unified mortgage 6 per cent gold bonds due October 1, 1954, such issue being authorized for the following purposes and upon the following conditions:

1. Upon receiving from the Railroad Commission an order authorizing the execution of a mortgage or deed of trust to secure the payment of the aforesaid bonds, Southwestern Home Telephone Company may deliver not exceeding \$209,625 of said bonds in exchange for \$322,500 of Southwestern Home Telephone Company 5 per cent bonds and \$48,375 of deferred interest certificates, upon the basis set forth in this application.

2. The remainder of the bonds herein authorized to be issued,

namely, \$130,375, may be used and delivered by the company only for such purposes as the Railroad Commission will hereafter authorize by supplemental order or orders.

*It is hereby further ordered*, that the authority herein granted will not become effective until Southwestern Home Telephone Company has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$310; nor until the Commission by supplemental order has authorized the execution of a mortgage or deed of trust securing the payment of the bonds herein authorized to be issued.

*It is hereby further ordered*, that the Southwestern Home Telephone Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that no bonds may be issued under the authority granted, subsequent to March 1, 1925.

Dated at San Francisco, California, this fourth day of August, 1924.

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DECISION No. 13879.

IN THE MATTER OF THE APPLICATION OF PORT COSTA WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE EXECUTION BY IT OF A MORTGAGE OR DEED OF TRUST SECURING AN AUTHORIZED ISSUE OF ONE MILLION FIVE HUNDRED THOUSAND DOLLARS PRINCIPAL AMOUNT OF ITS FIRST MORTGAGE GOLD BONDS, AND THE ISSUANCE THEREUNDER AND SALE OF FOUR HUNDRED FIFTY THOUSAND DOLLARS PRINCIPAL AMOUNT OF ITS SAID FIRST MORTGAGE GOLD BONDS.

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Application No. 10126.

Decided August 4, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

Port Costa Water Company has asked that the petition filed on June 25, 1924, for a rehearing in the above-entitled matter, be dismissed. It further asks that Paragraph "D" of subdivision one of the order in Decision No. 13690, dated June 12, 1924, be modified so as to permit the company to use the proceeds from \$4,000 of bonds to pay current indebtedness and use the proceeds from \$10,000 of bonds for working capital.

Paragraph "D" as it now reads, provides that the proceeds from \$37,000 of bonds may be used only for such purposes as the Commission will authorize by supplemental order or orders, it being understood that said proceeds will be used only to pay for additions and betterments made subsequent to June 1, 1924.

The company has filed a stipulation agreeing that it will not use any part of its surplus as of June 30, 1924, to declare or pay dividends. The accumulated surplus as of that date is reported at \$75,117.25. The stipulation is in satisfactory form. Dividends may be declared and paid only out of surplus accumulated after June 30, 1924. It is believed that the company's surplus should be divided and the \$75,117.25 transferred to Account No. 33 "Income invested since December 31, 1912, in fixed capital."

The Commission has considered applicant's request and hereby orders as follows:

1. The petition for rehearing filed on June 25, 1924, in the above-entitled matter is hereby dismissed.

2. Paragraph "D" of subdivision one of the order in Decision No. 13690, dated June 12, 1924, is hereby modified so as to permit the company to use the proceeds from \$4,000 of bonds to pay current indebtedness and the proceeds from \$10,000 of bonds for working capital. The proceeds from the remainder of the \$37,000 of bonds referred to in said paragraph, namely, \$23,000, may be used only for such purposes as the Commission will hereafter authorize by supplemental order or orders, it being understood that said proceeds will be used only to pay for additions and betterments made subsequent to June 1, 1924.

3. Within thirty days after the date hereof Port Costa Water Company shall transfer \$75,117.25 from Account No. 36, "Corporate surplus unappropriated" to Account No. 33, "Income invested since December 31, 1912, in fixed capital."

4. The authority herein granted will become effective upon the date hereof.

5. The order in Decision No. 13690, dated June 12, 1924, will remain in full force and effect, except as modified by this first supplemental order.

Dated at San Francisco, California, this fourth day of August, 1924.

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DECISION No. 13893.

IN THE MATTER OF THE APPLICATION OF MOUNT SHASTA POWER CORPORATION AND PACIFIC GAS AND ELECTRIC COMPANY FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT, MOUNT SHASTA POWER CORPORATION, TO FILE AND PLACE IN EFFECT THE SCHEDULES OF RATES AND CHARGES FOR ELECTRIC SERVICE SET FORTH IN EXHIBIT "A."

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Application No. 10171.

Decided August 8, 1924.

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C. P. Cutten, for Applicant.



By THE COMMISSION.

#### OPINION.

In this application Mt. Shasta Power Corporation and Pacific Gas and Electric Company ask that the rates and charges for electric service now on file with this Commission be canceled and that certain new rates and charges for electric service be authorized.

All of the outstanding stock of Mt. Shasta Power Corporation, except shares necessary to qualify directors, is owned by the Pacific Gas and Electric Company. Mt. Shasta Power Corporation in addition to holding title to the Pit River power plants, owns an electrical distributing system at Fall River Mills and vicinity. Only a small portion of the energy generated is distributed directly to consumers from the lines of Mt. Shasta Power Corporation.

The rates and charges proposed by applicant are the rates and charges now in effect upon the Pacific Gas and Electric Company's system, exclusive of those rates and charges which would not be applicable in the Mount Shasta territory.

A public hearing was held in the town of Fall River Mills on July 15, 1924, testimony being introduced, and the matter submitted for decision.

Through the testimony of R. Jenny, acting rate engineer for Pacific Gas and Electric Company, it was developed that the proposed schedules would cause a material reduction in gross revenue to the advantage of agricultural, general power and general lighting groups of consumers, and to the detriment of street lighting and combination lighting, heating and cooking consumers.

Counsel for applicant stated that there was no intent to penalize consumers now receiving service under street lighting or combination lighting, heating and cooking schedules, and suggested that this Commission authorize such consumers to be continued at the present rates. Such provision will be made in the order following this opinion.

In view of the relations existing between Mt. Shasta Power Corporation and Pacific Gas and Electric Company, and the comparatively small amount of revenue involved, no discussion of financial questions is necessary.

Mt. Shasta Power Corporation being in fact an integral part of the Pacific Gas and Electric Company, there can be no reason to further continue in effect rates which are discriminatory against the consumers of Mt. Shasta Power Corporation, and the application will therefore be granted.

#### ORDER.

Mt. Shasta Power Corporation and Pacific Gas and Electric Company having made application for an order authorizing Mt. Shasta Power

Corporation to cancel present rates and charges for electric energy and to file certain new rates and charges for electric energy, a public hearing having been held, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the electric rates of Mt. Shasta Power Corporation are unjust, unreasonable and discriminatory in so far as they differ from the electric rates herein-after set forth, which are declared to be just and reasonable rates.

Basing its order on the foregoing findings of fact, and on the findings of fact in the opinion preceding this order:

*It is hereby ordered, that*

1. Mt. Shasta Power Corporation charge and collect for electric service now supplied under filed schedules the rates set forth in Exhibit "A" attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before September 1, 1924, and to become effective with meter readings taken on and after September 1, 1924, and for flat rate service delivered on and after September 1, 1924.

2. Mt. Shasta Power Corporation, at the option of the consumers, continue to charge and collect for service supplied to existing consumers under its schedules L-5, C. R. C. Sheet No. 7 E, C-1, C. R. C. Sheet No. 8 E and P-2, C. R. C. Sheet No. 10 E, the rates and charges therein, provided that these schedules shall be closed to future consumers.

3. The effective date of this order shall be September 1, 1924.

Dated at San Francisco, California, this eighth day of August, 1924.

## EXHIBIT "A."

### SCHEDULE L-1.

(Cancelling Schedules L-1, L-2, L-3, L-4.)

#### General Lighting Service.

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 5 horsepower capacity.

#### Territory.

Entire territory served.

#### Rate.

First	10 k.w.h. or less per meter per month.....	\$1 25	per month
Next	40 k.w.h. per meter per month.....	07	per k.w.h.
Next	150 k.w.h. per meter per month.....	06	per k.w.h.
Next	800 k.w.h. per meter per month.....	05	per k.w.h.
Next	2000 k.w.h. per meter per month.....	04	per k.w.h.
	All over 3000 k.w.h. per meter per month.....	03½	per k.w.h.

#### Special Conditions.

(a) Single phase motors of an aggregate capacity of 5 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service, the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

**SCHEDULE L-2.**

(Cancelling Schedule L-5.)

*Street and Highway Lighting.*

Applicable to service to street, highway and other public outdoor lighting installations, using bracket, mast arm, or center suspension construction, and supplied from overhead lines, where the company owns and maintains the entire equipment.

*Territory.*

Entire territory served.

Rate.	Lamp rating.	Monthly charge per lamp	
		All night service.	Reduction for each hour reduction in nightly service.
Multiple lamps	25 watts	\$0 95	1 cent
	40 watts	1 25	2 cents
	50 watts	1 45	3 cents
	60 watts	1 70	3 cents
	75x watts	2 00x	4 cents
	100x watts	2 50x	5 cents
	150x watts	3 20x	7 cents
	200x watts	3 75x	12 cents
	300x watts	4 40x	13 cents
	400x watts	5 00x	17 cents
	500x watts	5 40x	20 cents
Series lamps	60 c.p.	1 30	2 cents
	80 c.p.	1 65	3 cents
	100x c.p.	1 85x	4 cents
	250x c.p.	3 20x	7 cents
	400x c.p.	4 05x	12 cents
Arc lamps	600x c.p.	4 80x	16 cents
	4 amp. luminous	4 60	15 cents
	6.6 amp. luminous	5 00	15 cents

x Includes a refractor. A diffusing globe, special highway reflector, or equivalent special reflector will be supplied on request. A deduction of 15 cents per month will be made for each lamp not equipped with refractor, diffusing globe or special reflector.

*Special Conditions.*

(a) For the purpose of calculating rates for less than all-night service, it will be assumed that the average hour of turning off all-night service is 5:30 a.m. and the average hours of nightly service are:

All night service (4000 hours per year) 11 hours per night.  
 Moonlight service (2240 hours per year) 6 hours per night.  
 Midnight service (2000 hours per year) 5½ hours per night.

(b) The foregoing rates apply to installations of ten lamps or more. When service is supplied for less than ten lamps the above rates increased by 10 per cent will apply. Such increase in rate will be based upon the total number of lamps in circuit and not upon the number of lamps billed to a separate consumer.

**SCHEDULE C-1.**

(Cancelling Schedule C-1.)

*General Heating, Cooking and Combination Service.*

Applicable to general domestic and commercial heating, cooking and/or water heating service, and to combination lighting with heating, cooking and/or water heating service.

*Territory.*

Entire territory served.

*Rate.*

- (a) Heating, cooking and/or water heating service:  
 First 150 k.w.h. per meter per month----- 3.5 cents per k.w.h.  
 All over 150 k.w.h. per meter per month----- 2.0 cents per k.w.h.
- (b) Combination lighting, with heating, cooking and/or water heating service:  
 First 30 k.w.h. per meter per month----- (x)  
 Next 150 k.w.h. per meter per month----- 3.5 cents per k.w.h.  
 All over 180 k.w.h. per meter per month----- 2.0 cents per k.w.h.
- (x) Charge for first 30 k.w.h. at effective lighting rate.

For residences, flats or apartments of more than eight rooms 5 k.w.h. for each additional room will be added to the first block of 30 k.w.h.

*Minimum Charge.*

First 7 k.w. or less of heating, cooking and/or water heating capacity \$3.00 per month.

Over 7 k.w. of heating, cooking and/or water heating capacity \$0.50 per k.w. per month.

When the consumer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

**Special Conditions.**

(a) Service will normally be 110/220 volt three wire alternating current.  
(b) Minimum charges are based on the total active connected load of heating, cooking and water heating capacity which may be connected at any one time.

No additional minimum charge will be made for lighting service in case of combination service.

(c) Rate (b) applies only where the consumer installs and uses cooking, heating and/or water heating appliances other than lamp socket devices of at least 2 k.w. capacity for residences, flats or apartments of 8 rooms or less and 5 k.w. for residences, flats and apartments of 9 rooms or more.

(d) Bath rooms, halls and cellars are not classified as rooms.

(e) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to the nearest one-tenth of a kilowatt and in no case less than 2 k.w. All equipment assumed as operating at 100 per cent power factor.

(f) Single phase power service (5 h.p. or less) may be combined under this schedule in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

**SCHEDULE C-2.**

**(Canceling Schedule C-1.)**

**Commercial Heating and Cooking.**

Applicable to commercial heating, cooking and/or water heating. This rate is optional with Schedule C-1.

**Territory.**

Entire territory served.

**Rate.**

The rate will be that provided in Schedule P-1. In determining the size of blocks and minimum charges one kilowatt of active connected load will be considered as one horsepower.

**Special Conditions.**

(1) Service will normally be 3-wire, alternating current, 110/220 volt, but at the option of the Company three-phase service may be supplied.

(2) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently connected and which may be connected at any one time computed to nearest one-tenth of a kilowatt and in no case less than 2 kilowatts. All equipment assumed as operating at 100 per cent power factor.

(3) Single phase power service (5 h.p. or less) may be combined under this schedule. In which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the rate and minimum charge.

**SCHEDULE P-1.**

**(Canceling Schedule P-1.)**

**General Power Service.**

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service. Alternating current service will be supplied at any standard voltage from 110 to 2200 volts in accordance with Rule and Regulation No. 2 (b). Schedule P-2 is optional with this schedule for alternating current service.

**Territory.**

Entire territory served.

**Rate.**

Horsepower of connected load.		Rate per k.w.h. for monthly consumption of			
		First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2-9	h.p.-----	4.0¢	2.1¢	1.3¢	.9¢
10-24	h.p.-----	3.6	2.0	1.2	.9
25-49	h.p.-----	3.1	1.9	1.1	.8
50-99	h.p.-----	2.6	1.7	1.1	.75
100-249	h.p.-----	2.3	1.5	1.0	.7
250-499	h.p.-----	2.1	1.3	.9	.65
500-999	h.p.-----	2.0	1.2	.9	.6
1000-2499	h.p.-----	1.9	1.1	.9	.6
2500 h.p. and over	-----	1.8	1.0	.9	.6

**Minimum Charge.**

First 50 h.p. of connected load, \$1.00 per h.p. per month, but in no case less than \$2.00 per month.

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All over 50 h.p. of connected load, 65 cents per h.p. per month.

When the primary use of power is seasonal, the minimum charge may at the option of the consumer be made accumulative over a 12-month period.

*Special Conditions.*

(a) Voltage: This schedule of rates will apply to service rendered at any standard voltage in accordance with the rules and regulations of the company. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the company.

(b) Maximum Demand: The above rates and minimum charges may at the option of the consumer be based on the h.p. of measured maximum demand instead of h.p. of connected load, in which case the h.p. of demand on which the rates and minimum charges will be based will not be less than 30 per cent of the connected load, and the minimum charge will not be less than \$50 per month.

The maximum demand in any month will be the average h.p. input (746 watts equivalent) indicated or recorded by instruments to be supplied by the company in the fifteen-minute interval in which the consumption of electric energy is more than in any other fifteen-minute interval in the month for installation of less than 750 h.p. and a thirty-minute interval for larger size installation or at the option of the company the maximum demand may be determined by test.

In the case of hoists, elevators, welding machines, furnaces and other installations where the energy demand is intermittent or subject to violent fluctuations, the company may base the consumer's maximum demand upon a five-minute interval instead of a fifteen or thirty-minute interval.

Demand for installations in excess of 750 h.p. of connected load occurring between the hours of 11.00 p.m. and 6.00 a.m. of the following day will not be considered in computing charges under this schedule.

(c) Optional rate for larger installations: Any consumer may obtain the rates and conditions of service for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Rectifier, heating and cooking service: Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

#### SCHEDULE P-2.

##### (Cancelling Schedule P-1.)

*Intermittent Service.*

Optional with Schedule P-1 and suitable for intermittent or seasonal use of energy.

*Territory.*

Entire territory served.

*Rate.*

Demand charge.

First 10 h.p. of connected load-----	\$5 00 per h.p. per year
Over 10 h.p. of connected load-----	3 50 per h.p. per year

Energy charge.

The energy charges are the rates without the minimum charges as set forth under Schedule P-1.

*Special Conditions.*

(A) Total charge.

The total charge is the sum of the demand and energy charges stated above.

(B) Payment of demand charge.

The demand charge is payable in five equal installments, during the first five months after the date service is first rendered. The consumers may select, if satisfactory to the company, other months in which to pay the demand charges.

(C) Adjustment of bills.

At the end of each year's service period a consumer operating under this schedule and whose total charges for service for the past year would have amounted to less under Schedule P-1 will have the charges for this service adjusted to the lower charges.

#### SCHEDULE P-3.

##### (Cancelling Schedules P-2, P-3.)

*Agricultural Power Service.*

Applicable to general agricultural and reclamation service, including pumping, feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use excluding cooking and general lighting service.

*Territory.*

Entire territory served.

Rate (A).	Size of installation	h.p.	Energy charge in addition to the demand charge. Rate per k.w.h. for consumption per h.p. per year of			
			Annual demand charge per h.p.	First 1000 k.w.h.	Next 1000 k.w.h.	Next 1000 k.w.h.
	2-4	h.p.	\$6 69x	1.6c	1.2c	.9c
	5-14	h.p.	6 00	1.4	1.1	.8
	15-49	h.p.	5 40	1.2	1.0	.8
	50-99	h.p.	4 50	1.1	.9	.75
	100-249	h.p.	3 90	1.1	.9	.75
	250-499	h.p.	3 75	1.05	.85	.75
	500-999	h.p.	3 60	1.00	.85	.75
	1000-2499	h.p.	3 30	1.00	.85	.75
	2500 h.p. and over		3 00	1.00	.85	.75

x In no case will the total annual demand charge be less than \$13.20.

#### Rate (B)—Optional Rate.

Any consumer may select at his option the following rate instead of the demand and energy rate set forth above:

Horse power of connected load.	h.p.	Annual Min. Chg. per h.p.	Rate per k.w.h. for consumption of				All over 3000
			First 300 k.w.h. per h.p. per yr.	Next 700 k.w.h. per h.p. per yr.	Next 1000 k.w.h. per h.p. per yr.	Next 1000 k.w.h. per h.p. per yr.	
2-4	h.p.	\$9 00x	3.8c	1.6c	1.2c	.9c	.7c
5-14	h.p.	8 00	3.4	1.4	1.1	.8	.7
15-49	h.p.	7 50	3.0	1.2	1.0	.8	.7
50-99	h.p.	7 00	2.6	1.1	.9	.75	.7
100-249	h.p.	6 75	2.4	1.1	.9	.75	.7
250-499	h.p.	6 50	2.3	1.05	.85	.75	.7
500-999	h.p.	6 25	2.2	1.00	.85	.75	.7
1000-2499	h.p.	6 00	2.1	1.00	.85	.75	.7
2500 hp. and over		6 00	2.0	1.00	.85	.75	.7

x In no case will the total minimum charge be less than \$27.00 per year.

#### Special Conditions.

##### (a) Agricultural year.

Meters on all agricultural services will be read by the company between April 1st and April 10th of each year and the above rates will apply to the yearly periods between such successive readings.

##### (b) Payment of demand and minimum charges.

Demand and minimum charges will be payable in six equal monthly installments beginning with the bill based on the regular May meter reading.

##### (c) Selection of schedule.

The company will normally render agricultural service under rate (A) unless the consumer advises the company to apply the optional rate (B).

At the end of each agricultural year the company will adjust the bills of consumers operating on either rate (A) or rate (B) to the more favorable rate.

##### (d) Guaranteeing rates for larger size installation.

Any consumer may obtain the rate for a larger installation by guaranteeing the rates and demand charge (or minimum charge) of that larger installation.

##### (e) Voltage.

When the company installs, owns and maintains the transformers the above rates apply to service rendered at 110, 220 or 440 volts under provisions of Rule and Regulation No. 2, at the option of the consumer, and the energy will be metered on the secondary (low) side of the transformer.

When the consumer owns the transformers, service will be rendered at the distribution line voltage available and the service will be measured on the primary (high) side of the transformer.

##### (f) Credit for ownership of transformer by consumer.

Consumers operating installations having a connected load of 50 h.p. or over and owning the transformers supplying such installations will be allowed the following credits:

Size of installation	Annual credit per h.p. of connected load
50-99 h.p.	\$1 00 per h.p.
100-249 h.p.	90 per h.p.
250-449 h.p.	80 per h.p.
500-999 h.p.	70 per h.p.
1000-2499 h.p.	60 per h.p.
2500 h.p. and over	50 per h.p.

##### (g) Contracts.

The company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered and thereafter from year to year.

(h) Consumers permanently increasing or decreasing their connected load will have their bills adjusted as provided in special conditions (i) following, original load being

considered as discontinuing service and the increased or decreased load as commencing service.

(1) Service commenced or discontinued during the agricultural year.

The following adjustments apply only in the case of service first begun or permanently discontinued and will not be made when installations shut down for a few months.

For a fractional agricultural year rate (A) will be modified as follows:

The demand charge will apply to service taken between April 1 and September 30 at the rate of one-sixth of the annual charge per month.

The size of the blocks of the energy charge will be multiplied by the factor in the following table corresponding to the month during which service is begun or discontinued.

Month in which service commences or is discontinued	Factor	
	New service	Discontinued service
April -----	1.0	.1
May -----	.9	.2
June -----	.8	.3
July -----	.7	.4
August -----	.6	.5
September -----	.5	.6
October -----	.4	.7
November -----	.3	.8
December -----	.2	.9
January -----	.1	1.0
February -----	.1	1.0
March -----	.1	1.0

Rate (B) will apply without modification and the bill for service will be at the lower rate.

#### SCHEDULE P-4.

##### Wholesale Power Service.

Applicable to general power supplied at a standard voltage of 2200 volts or over.

##### Territory.

Entire territory served.

##### Rate (A).

Service at 2200 volts up to and including 25,000 volts.

##### Demand charge.

First 200 k.w. or less of maximum demand -----	\$300 per month
Next 300 k.w. of maximum demand -----	\$1 00 per k.w. per month
Next 500 k.w. of maximum demand -----	75 per k.w. per month
All over 1000 k.w. of maximum demand -----	60 per k.w. per month

##### Energy charge (to be added to the demand charge).

First 150 k.w.h. per k.w. per month -----	8¢ per k.w.h.
Next 250 k.w.h. per k.w. per month -----	6¢ per k.w.h.
All over 400 k.w.h. per k.w. per month -----	55¢ per k.w.h.

##### Rate (B).

Service at line voltages in excess of 25,000 volts.

The rate is the same as that set forth under rate (A) above with the demand charge decreased by 15 per cent and the energy charge decreased by 3 per cent.

##### Special Conditions.

(a) Voltage.

Service under rate (A) will be supplied by the company at standard voltages of 2200 volts or more up to and including 25,000 volts, as requested by the consumers.

Service under rate (B) will be supplied by the company at standard line voltages above 25,000 volts as available.

(b) Demand.

The maximum demand in any month will be the average kilowatt delivery of the thirty-minute interval in which the consumption of electric energy is greater than in any other thirty-minute interval in the month. The maximum demand in which the demand charge and energy block will be based will not be less than 50 per cent of the greatest demand occurring during the eleven preceding months.

Demands occurring between the hours of 11 p.m. and 6 a.m. of the following day will not be considered in computing charges under this schedule.

(c) All voltages referred to in this schedule are nominal voltages.

## DECISION No. 13897.

CITY OF SAN BERNARDINO, A MUNICIPAL CORPORATION.

vs.

ASSOCIATED TELEPHONE COMPANY, A CORPORATION.

Case No. 1995.

Decided August 8, 1924.

W. Guthrie, for Complainant.  
W. W. Butler, for Defendant.

BY THE COMMISSION.

## OPINION.

This is a proceeding in which city of San Bernardino requests this Commission to require Associated Telephone Company to enlarge its primary rate area to include certain sections of the city of San Bernardino which have been annexed to that city subsequent to the time the present boundaries of the primary rate area were determined.

A hearing in this matter was held before Examiner Satterwhite in the city of San Bernardino on June 30, 1924.

Mr. William Guthrie, city attorney of the city of San Bernardino, representing the plaintiff, claims that since the present boundaries of the primary rate area have been established that the city has expanded and that the primary rate area should now be modified to include territories which have been annexed to the city of San Bernardino.

The defendant claims that it is not receiving a fair return from the operation of its properties within the San Bernardino exchange area and that if the primary rate area is to be enlarged in any way that there should be a corresponding change in the rate schedules to compensate it for the reduction in revenue which will follow any such change.

Under the present system of establishing rates followed by this Commission, the territory of an exchange is divided into two sections, a primary rate area, including the more congested sections, and a suburban area, the remaining portion of the exchange area, outside of the primary rate area. Such rates assume that the primary rate area shall from time to time be modified to include additional territory as it may become congested or built up, or where it is found that a sufficient demand for telephone service exists to justify an extension of the area. The rates do not contemplate that the primary rate area shall be a fixed area only to be changed when there is a revision or a review of the rates for all services.

The defendant in this proceeding claims that it is not receiving a fair return from its operations in its San Bernardino exchange, and that an



increase in rates should be made if an increase in the primary rate area is made. It does not appear that the reasonableness of the rates and the determination of the primary rate area are so related that a minor change in the area must be accompanied by a change in rates. If defendant desires reconsideration of its rates, this may be made the subject of a formal proceeding on its part.

This Commission has made an investigation to determine the reasonableness of the request of plaintiff, and is of the opinion that a portion of the territory which plaintiff desires to be annexed should be included at this time within the primary rate area. The changes which we find should be made are set forth in the following order:

#### ORDER.

City of San Bernardino having requested this Commission to require Associated Telephone Company to change the boundary of the primary rate area of the San Bernardino exchange to include certain sections of territory which have been annexed by said city, a public hearing having been held, the Railroad Commission having fully considered all evidence in this proceeding, and the matter now being ready for decision, and it appearing that the request of complainant in its entirety is not justified, but that certain changes and extensions of the primary rate area of the San Bernardino exchange of the Associated Telephone Company should be made at this time,

*It is hereby ordered,* that

(1) Associated Telephone Company establish a primary rate area in its San Bernardino exchange in accordance with Exhibit A attached hereto, the same to become effective on and after September 1, 1924.

(2) Associated Telephone Company revise its rate schedules on file with this Commission on or before August 25, 1924, to include the modifications required in section (1) above.

Dated at San Francisco, California, this eighth day of August, 1924.

#### EXHIBIT "A."

##### Description of Primary Rate Area of San Bernardino Exchange. Associated Telephone Company.

Commencing at a point on the present boundary of the San Bernardino primary rate area located on the center line of Waterman avenue 200 feet south of the center line of Base Line street; thence in an easterly direction and at right angles to Waterman avenue for a distance of 200 feet; thence in a northerly direction along a line parallel to and located 200 feet east of the center line of Waterman avenue to the intersection with a line parallel to and located 500 feet north of the center line of Highland avenue; thence in a westerly direction along the line parallel to and located 500 feet north of Highland avenue to the intersection with a line parallel to LeRoy avenue and located midway between LeRoy avenue and Lynne street; thence in a northerly direction along the line parallel to and located midway between LeRoy avenue and Lynne street to the intersection with a line parallel to and located 200 feet north of the extension of the center line of Shandin road; thence in a westerly direction along the line parallel to and located 200 feet north of an extension of the center line of Shandin road to the intersection with a line parallel to and located 200 feet east of the center line of A street; thence in a northerly direction along the line parallel to

and located 200 feet east of the center line of A street to the intersection with a line parallel to and located 200 feet north of the center line of Thirtieth street; thence in a westerly direction along the line parallel to and located 200 feet north of the center line of Thirtieth street to the intersection with a line parallel to and 200 feet east of the center line of Mountain View avenue; thence in a northerly direction along the line parallel to and 200 feet east of the center line of Mountain View avenue to the intersection with a line parallel to and located 300 feet north of the center line of Marshall boulevard (Little Mountain drive); thence in a westerly direction along the line parallel to and located 300 feet north of the center line of Marshall boulevard (Little Mountain drive) to the intersection with a line parallel to D street and located midway between D street and E street; thence in a southerly direction along the line parallel to D street and located midway between D street and E street to the intersection with a line parallel to and located 200 feet north of the center line of Thirtieth street; thence in a westerly direction along the line parallel to and located 200 feet north of the center line of Thirtieth street to the intersection with a line parallel to and located 200 feet west of the center line of G street; thence in a southerly direction along the line parallel to and located 200 feet west of the center line of G street to the intersection with a line parallel to and located 200 feet south of the center line of Shandin road; thence in a westerly direction along the line parallel to and located 200 feet south of the center line of Shandin road to the intersection with a line parallel to and located 200 feet west of the center line of I street; thence in a southerly direction along the line parallel to and located 200 feet west of the center line of I street to the intersection with a line parallel to and located 200 feet north of the center line of Highland avenue; thence in a westerly direction along the line parallel to and located 200 feet north of the center line of Highland avenue to the intersection with a line parallel to and located 200 feet west of the center line of Mount Vernon avenue; thence in a southerly direction along the line parallel to and located 200 feet west of the center line of Mount Vernon avenue to the intersection with a line parallel to and located 200 feet north of an extension of the center line of Sixteenth street; thence in a westerly direction along the line parallel to and located 200 feet north of an extension of the center line of Sixteenth street to the intersection with an extension of the center line of Hale avenue; thence in a direction due south for a distance of 200 feet to a point on the present boundary of the primary rate area; thence in southerly, easterly and northerly direction, respectively, along the present boundary of the primary rate area to the point of beginning.

Street names shown in the above description are as indicated on map of the city of San Bernardino compiled from official records dated February, 1924, filed in this proceeding as Complainant's Exhibit No. 1.

#### DECISION No. 13905.

IN THE MATTER OF THE APPLICATION OF UNION TRACTION COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION AUTHORIZING SAID COMPANY TO ABANDON CERTAIN OF ITS STREET RAILWAY FRANCHISES IN THE CITY OF SANTA CRUZ, TO REMOVE CERTAIN PORTION OF ITS TRACKS AND FACILITIES OPERATED THEREUNDER AND TO DISCONTINUE FURNISHING STREET RAILWAY SERVICE HERETOFORE FURNISHED PURSUANT THERETO.

Application No. 9875.

Decided August 9, 1924.

*Leo, H. Sussman*, for Applicant.

*S. G. Smith*, District Attorney, for County of Santa Cruz.

*J. B. Mcher*, Mayor, and *Geo. W. Smith*, City Attorney, for City of Santa Cruz.

*MARTIN*, Commissioner.

#### OPINION.

Union Traction Company, a corporation, has petitioned the Railroad Commission for an order authorizing the abandonment of certain lines of street railway heretofore operated by said applicant in the city of Santa Cruz and in the county of Santa Cruz; and for the removal of its tracks and facilities.

By supplemental application, the Railroad Commission is petitioned for an order declaring that public convenience and necessity require the operation by the applicant of an automobile bus line as a common carrier of passengers between Santa Cruz and Capitola and intermediate

points, and between Santa Cruz and Twin Lakes and intermediate points over routes designed to care for the passenger business heretofore transported by the street car service of the applicant and for which the application herein requests authority to discontinue.

A public hearing on this application was held at Santa Cruz, the matter was duly submitted and is now ready for decision.

Applicant, in connection with its street car system operated in the city of Santa Cruz and adjoining territory in Santa Cruz County, operates two lines, one from Santa Cruz to Laveaga Park and another from Santa Cruz to Seabright and Capitola, all in the county of Santa Cruz. These lines are operated under the authority contained in ordinances of the city of Santa Cruz and of the county of Santa Cruz, copies of said ordinances having been filed as exhibits attached to the application herein.

Applicant alleges that the operation of its system is unprofitable; that the number of passengers carried is decreasing each year; that its operating expenses have been kept down to a minimum; that the increasing use of automobiles by the public has been responsible for the decreased revenues of applicant; that for many years applicant has been unable to earn a gross revenue sufficient to pay operating expenses and taxes and provide a reasonable depreciation reserve or to meet interest on its bonded indebtedness; that applicant believes that these conditions will continue and that it will not hereafter be able to meet its operating and other expenses and to maintain its system in a safe and proper operating condition.

Applicant proposes, by its supplemental application filed herein, in the event of securing the authority for suspension of service and abandonment of tracks as herein sought and the granting of a certificate of public convenience and necessity therefor by this Commission, to establish, in lieu of the street railway service, certain auto bus lines over the following routes:

Commencing at the intersection of Water street, Front street and Pacific avenue in the city of Santa Cruz, thence along Water Street to its intersection with Soquel avenue, thence along Soquel avenue to lower Soquel road, thence along lower Soquel road to Seventeenth avenue, thence along Seventeenth avenue to county road, thence along county road to Cliff drive, thence along Cliff drive to Twenty-sixth avenue, thence along Twenty-sixth avenue to county road and along said county road to Capitola.

Commencing at the intersection of Pacific and Soquel avenues in the city of Santa Cruz, thence along Soquel avenue to Seabright avenue, thence along Seabright avenue to Cliff drive, thence along Cliff drive and county road to Twin Lakes station, thence via Central avenue and across the Lagoon to Lakeview avenue, thence on Lakeview avenue to Division street, thence on Division street to Brighton avenue, thence on Brighton avenue to Prospect street, thence on Prospect street to Lakeview avenue, and return via Lakeview avenue.

Applicant proposes to charge rates in accordance with a schedule, as attached to the supplemental application herein, and to operate sixteen

round trips daily between Santa Cruz and Capitola and two additional round trips between Santa Cruz and the Catholic Cemetery on the Santa Cruz-Capitola run, and thirty-four round trips daily between Santa Cruz and Twin Lakes station, of which round trips eighteen will be extended to the point known as Schwan's station. The equipment proposed to be used will be automobile busses of a modern type, with a seating capacity of at least sixteen passengers.

Witnesses testifying in behalf of applicant presented exhibits showing the results of operation of the company during the year ending December 31, 1923; the receipts and expenditures on the Laveaga Park and the Seabright-Capitola lines as herein proposed to be abandoned; the estimated cost of necessary repairs to track and bridges on these lines; the record of passengers carried and revenue received for the period 1915 to 1923, inclusive; and a record of the automobile registrations in Santa Cruz County for the period 1914 to 1923, inclusive.

From these exhibits it appears that during the calendar year of 1923 the operating expenses of the entire line exceeded the receipts by an amount of \$17,937.37 and the addition of taxes and interest on funded and unfunded debt increased the deficit to \$52,926.04. The accumulated deficit of the Union Traction Company as of December 31, 1923, as reported to this Commission in the verified annual report of the applicant is \$557,881.50.

The revenue and expenses on the Laveaga Park and the Seabright-Capitola lines, which are proposed to be cared for by the substitution of auto bus service, show the following:

Revenue—	Year ending December 31, 1923	
	Laveaga Park	Seabright-Capitola
Passenger fares -----	\$6,045 00	\$27,288 00
Advertising -----	74 00	216 00
Total revenue -----	\$6,119 00	\$27,504 00
Operating expenses -----	12,983 00	38,348 00
Net loss -----	\$6,864 00	\$10,844 00

A considerable amount of track and bridge repair work is immediately necessary if the operation is to be continued and the safety of the public is to be assured, and since the submission of the application the Commission has been advised that it has been necessary to discontinue the use of one of the bridges and transfer passengers for the reason that the bridge was condemned as being unsafe for the use of cars passing over same.

It is estimated that an expense of \$178,682 is necessary for the renewal of bridges, culverts, trestle approaches, rehabilitation of track and overhead, and, while all this expenditure would not be necessary within the coming year, the work should all be completed within a three-

year period and the largest portion of the expenditure is immediately necessary.

The record of passengers carried over the entire system and the revenue derived therefrom during the years 1915 to 1923, inclusive, is as follows:

Year	Revenue passengers carried	Revenue
1915 -----	1,369,593	\$69,377 33
1916 -----	1,262,165	64,017 95
1917 -----	1,194,552	60,810 71
1918 -----	1,040,520	56,721 22
1919 -----	1,178,729	71,115 57
1920 -----	1,275,989	85,543 32
1921 -----	1,075,021	92,943 70
1922 -----	951,020	83,967 33
1923 -----	833,826	73,058 93

The increase in the ownership of automobiles, to which fact applicant attributes a substantial portion of its reduction in the number of passengers carried, is shown by an exhibit filed herein of the automobile registration in Santa Cruz County, which indicates an increase from 986 in the year 1914 to 8061 in the year 1923.

There was no protest against the granting of the application herein on the understanding that a reasonable bus line service was to be substituted for the street car service heretofore given. The representatives of the city of Santa Cruz and the county of Santa Cruz desired information as to the schedules proposed to be given, and such data having been furnished, the Commission has been advised as to the attitude of the representatives of the political subdivisions favoring the proposed substitution of the bus service in lieu of the street car service.

In view of the entire record in this proceeding, I am of the opinion and hereby find as a fact that the continued operation by the applicant of its Santa Cruz-Laveaga Park and Santa Cruz-Seabright-Capitola lines is not justified by the present and prospective traffic, particularly in view of the necessity for the immediate expenditure for rehabilitation of bridges, culverts, trestle approaches, track and roadway, and that the substitution of automobile bus service by the applicant over the routes herein proposed to be operated and to serve the territory heretofore covered by the street railway lines will reasonably meet the necessity of the traveling public in the communities affected.

I recommend the granting of the within application in accordance with the following suggested form of order:

#### ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted, and the Commission being now fully advised and basing its order on the finding of fact as appearing in the foregoing opinion:

*It is hereby ordered*, that applicant, Union Traction Company, a corporation, be and the same hereby is authorized to suspend street car service on its Santa Cruz-Laveaga Park and Santa Cruz-Seabright-Capitola lines, and to abandon and remove the tracks, overhead construction and other appurtenances; provided, however, that this authorization shall not become effective until said applicant shall have installed and placed in regular operation the substituted bus service over the routes as hereinafter authorized by the certificate of public convenience and necessity hereby made a portion of this order, and until there shall have been filed with this Commission certified copies of ordinances or other appropriate authorizations of the board of trustees of the county of Santa Cruz and the city council of the city of Santa Cruz granting relinquishment of such franchises or portions of franchises which have heretofore been granted by such governing bodies and covering the lines herein authorized abandoned.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Union Traction Company, a corporation, of an automobile stage line as a common carrier of passengers between Santa Cruz and Capitola and intermediate points, and between Santa Cruz and Twin Lakes and intermediate points over the following described routes:

Commencing at the intersection of Water street, Front street and Pacific avenue in the city of Santa Cruz, thence along Water Street to its intersection with Soquel avenue, thence along Soquel avenue to lower Soquel road, thence along lower Soquel road to Seventeenth avenue, thence along Seventeenth avenue to county road, thence along county road to Cliff drive, thence along Cliff drive to Twenty-sixth avenue, thence along Twenty-sixth avenue to county road and along said county road to Capitola.

Commencing at the intersection of Pacific and Soquel avenues in the city of Santa Cruz, thence along Soquel avenue to Seabright avenue, thence along Seabright avenue to Cliff drive, thence along Cliff drive and county road to Twin Lakes station, thence via Central avenue and across the Lagoon to Lakeview avenue, thence on Lakeview avenue to Division street, thence on Division street to Brighton avenue, thence on Brighton avenue to Prospect street, thence on Prospect street to Lakeview avenue, and return via Lakeview avenue.

*It is hereby ordered*, that a certificate of public convenience and necessity be and the same hereby is issued authorizing the operation by Union Traction Company, a corporation, of an automobile stage line as a common carrier of passengers between Santa Cruz and Capitola and intermediate points, and between Santa Cruz and Twin Lakes and intermediate points, all over the hereinabove described routes and subject to the following conditions:

I. Applicant, Union Traction Company, a corporation, is hereby required to file with this Commission its acceptance of this certificate within thirty (30) days from the date of this order, such acceptance to state the date upon which the operation herein authorized will be commenced, such date to be not more than one hundred twenty (120) days

from the date of this order, unless such date shall hereafter be extended by a supplemental order of this Commission.

II. Applicant, Union Traction Company, a corporation, is hereby required to file its schedules of tariff rates, rules and regulations, and time schedules, in duplicate, at least ten (10) days prior to the commencement of operation, such rates, rules and regulations, and time schedules to be the same as those appearing as exhibits attached to the supplemental application herein, and to be filed in duplicate and in accordance with the provisions of General Order No. 51 and other regulations of the Railroad Commission.

III. The rights and privileges herein authorized by this certificate may not be sold, transferred, leased, assigned or hypothecated or service thereunder discontinued unless such sale, transfer, lease, assignment, hypothecation or discontinuance has been first approved by this Commission.

IV. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is operated under a contract or agreement on a basis satisfactory to and approved by this Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this ninth day of August, 1924.

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DECISION No. 13910.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO ISSUE, SELL AND DELIVER ITS COMMON CAPITAL STOCK TO THE PAR VALUE OF FIVE MILLION DOLLARS, AND TO USE THE PROCEEDS FROM THE SALE OF ITS COMMON CAPITAL STOCK IN THE MANNER AND FOR THE PURPOSES SET FORTH HEREIN.

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Application No. 10361.

Decided August 12, 1924.

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*C. P. Cutton*, for Applicant.

MARTIN, *Commissioner*.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Pacific Gas and Electric Company to issue and sell at not less than \$93 a share, 50,000 shares of the common capital stock of the aggregate par value of \$5,000,000, for the purpose of paying in part the cost of extensions, additions, betterments and improvements to its plants and properties and to those of Mt. Shasta Power Corporation.

On June 25, 1924, Pacific Gas and Electric Company filed with the

Commission as Exhibit No. 2 in Application No. 10182, a statement showing the unreimbursed capital expenditures of Pacific Gas and Electric Company and Mt. Shasta Power Corporation on September 30, 1923, the subsequent capital expenditures for the two companies to and including April 30, 1924, and the reimbursement authorized and made for the period from September 30, 1923, to April 30, 1924. The statement also shows the unexpended balance of capital expenditures authorized at April 30, 1924, and the estimated cost of routine construction for the balance of the year 1924.

In this statement the company reports actual or estimated capital expenditures of \$27,280,293.77, against which the Commission has not authorized the issue of stock or bonds except as indicated. The \$27,280,293.77 is determined in the following manner:

Unreimbursed capital expenditures at September 30, 1923, of Pacific Gas and Electric Company and Mt. Shasta Power Corporation as per Exhibit "B" of Application No. 9545-----	\$7,262,793 42
Total construction expenditures from September 30, 1923, to April 30, 1924, of Pacific Gas and Electric Company and Mt. Shasta Power Corporation-----	14,151,642 53
Unexpended balance of capital expenditures authorized at April 30, 1924, of Pacific Gas and Electric Company and Mt. Shasta Power Corporation-----	23,384,554 87
Estimated cost of routine construction of Pacific Gas and Electric Company for balance of 1924-----	4,500,000 00
<b>Total-----</b>	<b>\$49,298,990 82</b>
Less cash and accounts receivable for above capital expenditures at April 30, 1924:	
Proceeds from sales of applicants first preferred stock as set forth in Application No. 10182-----	\$371,311 95
Proceeds from sale of \$19,500 par value of first preferred stock as per Application No. 10182---	18,037 50
Proceeds received from sale of property released from mortgage, per Exhibit "F" of Application No. 9545-----	866,847 60
Proceeds received from sale of \$10,000,000 face amount of first and refunding mortgage 5½ per cent gold bonds of Series "C" authorized by authorized Railroad Commission Decision No. 12619-----	9,200,000 00
Proceeds received from sale of \$12,500,000 face amount of first and refunding mortgage 5½ per cent gold bonds of Series "C" authorized by Railroad Commission Decision No. 13417-----	11,562,500 00
<b>Total available funds and accounts-----</b>	<b>22,018,697 05</b>
Actual or estimated expenditures against which the Railroad Commission has not authorized the issue of any stocks or bonds-----	\$27,280,293 77

By Decision No. 13750, dated July 1, 1924, in Application No. 10182, the Commission authorized the company to issue and sell \$5,000,000 of its common capital stock for the purpose of financing in part the reported expenditures of \$27,280,293.77. It is now reported that pursuant to authority granted in Decision No. 13750 the company offered its common stock to its stockholders at \$93 per share and that



up to August 1, 1924, the time set for terminating the receipt of subscriptions, it had received subscriptions for approximately 70,000 shares of its common stock. To enable it to fill these subscriptions and to further finance in part the reported expenditures of \$27,280,293.77 the company now makes this request for permission to issue an additional \$5,000,000 of common stock.

Pacific Gas and Electric Company reports that it has an authorized capital stock of \$160,000,000 divided into \$79,900,000 of first preferred stock, \$100,000 of original preferred stock and \$80,000,000 of common stock. As of June 30, 1924, the company reports outstanding in the hands of the public \$54,464,411.91 of first preferred stock, including stock subscribed for but not fully paid or issued, and \$35,630,831.67 of common stock; a total of \$90,095,243.58 of stock.

Mt. Shasta Power Corporation has an authorized capital stock of \$10,000,000 divided into 100,000 shares of the par value of \$100 each, all shares being common. It appears that the entire authorized capital stock has been issued and is outstanding and that Pacific Gas and Electric Company owns all but director's shares.

I believe the application should be granted and herewith submit the following form of order:

#### ORDER.

Pacific Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$5,000,000 of its common capital stock, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through such issue is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered,* that Pacific Gas and Electric Company be and it is hereby authorized to issue and sell at not less than \$93 per share, 50,000 shares of its common capital stock of the aggregate par value of \$5,000,000 and to use the proceeds for the purpose of financing in part the cost of the extensions, additions, betterments and improvements to which reference is made in the foregoing opinion and in Exhibit No. 2 filed in Application No. 10182.

The authority herein granted is subject to further conditions as follows:

1. The proceeds from the sale of the stock herein authorized shall be used to finance only such expenditures as are properly chargeable to capital account under the classifications of accounts prescribed or adopted by this Commission.

2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof. Under such authority no stock may be issued, sold or delivered subsequent to July 31, 1925.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twelfth day of August, 1924.

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DECISION No. 13911.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, TO ISSUE ITS SERIES B SEVEN PER CENT CUMULATIVE PREFERRED STOCK OF THE PAR VALUE OF ONE MILLION DOLLARS.

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Application No. 10344.

Decided August 12, 1924.

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*Cummins, Roemer and Flynn, and Chickering and Gregory, by Allen L. Chickering, for Applicant.*

MARTIN, *Commissioner.*

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Coast Valleys Gas and Electric Company to issue \$1,000,000 of its Series B 7 per cent cumulative preferred stock.

The Commission is further asked to make an order authorizing the company to deliver \$500,000 of such stock in exchange for a like amount of 6 per cent preferred stock at present outstanding, upon the payment to applicant of \$14 with each share of 6 per cent preferred stock exchanged, and to sell the remaining \$500,000 of such stock at not less than 98 per cent of par value, for the purpose of financing the cost of extensions, additions and betterments and of refunding sinking fund payments.

The application shows that Coast Valleys Gas and Electric Company is engaged in selling gas in Monterey, Pacific Grove and Salinas; electric energy in Monterey, Pacific Grove, Salinas, King City, Carmel, San Ardo, Castroville and in a large part of Monterey County and in a portion of San Benito County; and water in Salinas and King City. It appears that the company was organized on or about March 18, 1912, with an authorized capital stock of \$5,000,000 divided into \$3,000,000

of common and \$2,000,000 of 7 per cent cumulative preferred stock, all of which was issued. Thereafter the company amended its articles of incorporation so as to provide for an authorized issue of \$3,500,000 divided into \$3,000,000 of common, and \$500,000 of 6 per cent cumulative preferred stock. By Decision No. 9789, dated November 23, 1921 (Volume 20, Opinions and Orders of the Railroad Commission of California, page 873), the company was authorized to issue the \$500,000 of preferred stock for the purpose of refunding the \$2,000,000 of preferred stock then outstanding and of financing the cost of additions and betterments.

At present the company reports that the \$3,000,000 of common stock and \$498,200 of the preferred stock are issued and outstanding, and that \$1,800 of preferred stock has been subscribed for but not yet issued. It appears that applicant has found it necessary to sell its 6 per cent preferred stock at a substantial discount and is of the opinion it is for its best interests to create an issue of 7 per cent preferred stock, which it believes it can sell at a price more nearly par, and to provide for the retirement of the 6 per cent stock now outstanding. To this end applicant's stockholders have voted to amend the articles of incorporation so as to increase its authorized capital stock to \$6,000,000 and to create, out of the increase of \$2,500,000, a new class of preferred stock to be designated Series B, and to be entitled to cumulative dividends at the rate of 7 per cent per annum, but in all other respects to have the same preferences as the preferred stock now outstanding, which is now designated Series A preferred stock.

The holders of the Series A preferred stock have the privilege of converting such stock into Series B stock by surrendering the certificates representing shares of Series A stock and paying applicant \$14 for each share and receiving in exchange one share of Series B stock for each share of Series A stock surrendered. Any Series A stock surrendered will not thereafter be reissued by the company. To permit the conversion of stock, applicant now asks that it be authorized to issue \$500,000 of its Series B preferred stock.

The company proposes to sell the remaining \$500,000 of preferred stock herein applied for at not less than 98 per cent of face value. It proposes to use an amount of the proceeds of not more than 8 per cent of the par value of stock sold to pay commissions and selling expenses and to use the remaining proceeds to reimburse its treasury on account of moneys invested in extensions, additions and betterments and moneys used in making sinking fund payments, and to finance the cost of construction work. Applicant should be able to sell 7 per cent preferred stock at a total expense of not to exceed six dollars per share sold.

It is reported that prior to June 30, 1919, the company had expended for extensions, additions and betterments, the sum of \$73,744.04 for which it had not been reimbursed with proceeds from the sale of stock or bonds and that during the period from June 30, 1919, to June 30, 1924, it made further expenditures for extensions, additions and betterments of \$1,287,224.14; making a total of \$1,360,968.18. From this amount applicant deducts \$963,708.08 received from the sale of stock and bonds, leaving a balance of \$397,260.10, which is said to represent uncapitalized construction expenditures on June 30, 1924. An examination of financial statements filed in this and in previous applications indicates that during the period from June 30, 1919, to June 30, 1924, the company's reserve for accrued depreciation increased \$153,971.01. Deducting \$153,971.01 from the \$397,260.10 there is left a balance of \$243,289.09. I believe the company may at this time be permitted to reimburse its treasury on account of the investment of the \$243,289.09 in fixed capital.

As Exhibit E, applicant has filed a tentative construction program for the last six months of this year, showing estimated construction expenditures of \$145,735, which applicant proposes to finance with proceeds it will obtain from the sale of its stock. These estimated construction expenditures consist of the following:

**Electric properties:**

Steam .....	\$1,313 00	
Transmission lines .....	18,321 00	
Substations .....	2,635 00	
Distribution .....	87,904 00	
Street lighting .....	2,031 00	
Total electric .....		\$112,294 00

**Gas properties:**

Gas plants .....	\$9,115 00	
Gas distribution .....	5,928 00	
Total gas .....		15,043 00

**Water properties:**

Pumping plants .....	\$8,279 00	
Distribution system .....	4,154 00	
Total water .....		12,433 00

General .....		5,965 00
Total .....		\$145,735 00

Adding the \$145,735 to the \$243,289.09 results in a total of \$389,024.09. In addition to these expenditures the testimony shows that during 1925 it is thought the company will be called upon to expend between \$500,000 and \$600,000 for extensions, additions and betterments.

I will now consider that portion of the application in which the company asks permission to reimburse its treasury because of earnings used to make sinking fund payments. In this connection it appears that applicant heretofore executed its mortgage or deed of trust to Mercantile Trust Company of San Francisco to secure an authorized issue of \$10,000,000 of first mortgage 6 per cent bonds, dated March 1, 1912, and due March 1, 1952, of which bonds \$2,000,000 have been issued. It is reported that since these bonds were issued \$104,000 were retired through the operation of the sinking fund, leaving \$1,896,000 outstanding. It appears that the moneys in the sinking fund used to retire bonds were obtained from earnings, and accordingly the request is now made to reimburse the treasury because of such payments.

In effect, applicant is now asking permission to substitute \$104,000 of stock for \$104,000 of bonds. I see no objection at this time to this procedure, it being understood, however, that the granting of this request in no way commits the Commission to a policy of granting, in the future, permission of a similar nature either to applicant or to any other utility.

I herewith submit the following form of order:

#### ORDER.

Coast Valleys Gas and Electric Company having applied to the Railroad Commission for permission to issue \$1,000,000 of its Series B 7 per cent cumulative preferred stock, a public hearing having been held, and the Railroad Commission being of the opinion that the application should be granted as provided herein, and that the money, property or labor to be procured or paid for through the issue of stock is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Coast Valleys Gas and Electric Company be and it is hereby authorized to issue \$500,000 of its Series B 7 per cent cumulative preferred stock in exchange for a like amount of Series A 6 per cent preferred stock now outstanding, upon the payment to applicant of \$14 with each share of Series A 6 per cent preferred stock exchanged for Series B 7 per cent preferred stock.

*It is hereby further ordered*, that Coast Valleys Gas and Electric Company be and it is hereby authorized to issue and sell on or before June 30, 1925, at not less than 98 per cent of par value, \$500,000 of its Series B 7 per cent cumulative preferred stock.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds obtained from the sale of the \$500,000 of stock herein authorized to be issued and sold, applicant may use not exceed-

ing \$6 per share of stock sold to pay commissions and other expenses incident to the sale. The remaining proceeds and such portion of the \$6 not needed to pay commissions and other expenses incident to the sale, may be used by applicant to reimburse its treasury on account of moneys used in making sinking fund payments and in paying for extensions, additions and betterments prior to June 30, 1924, as indicated in the foregoing opinion, and to finance the cost of extensions, additions and betterments to be made subsequent to June 30, 1924.

2. Only such expenditures as are properly chargeable to capital accounts, as defined by the classifications of accounts prescribed by this Commission, may be financed with the proceeds to be obtained from the sale of the stock herein authorized.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twelfth day of August, 1924.

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#### DECISION No. 13912.

MADEWELL MANUFACTURING COMPANY AND WESTERN PIPE AND STEEL COMPANY OF CALIFORNIA

*vs.*

AMADOR CENTRAL RAILROAD COMPANY, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, BAY POINT AND CLAYTON RAILROAD COMPANY, CALIFORNIA CENTRAL RAILROAD COMPANY, CALIFORNIA WESTERN RAILROAD AND NAVIGATION COMPANY, CHOWCHILLA PACIFIC RAILWAY COMPANY, HOLTON INTERURBAN RAILWAY COMPANY, LOS ANGELES AND SALT LAKE RAILROAD COMPANY, McCLOUD RIVER RAILROAD COMPANY, MODESTO AND EMPIRE TRACTION COMPANY, NEVADA-CALIFORNIA-OREGON RAILWAY, NEVADA COUNTY NARROW GAUGE RAILROAD COMPANY, NORTHWESTERN PACIFIC RAILROAD COMPANY, PACIFIC COAST RAILWAY COMPANY, PACIFIC ELECTRIC RAILWAY COMPANY, PAJARO VALLEY CONSOLIDATED RAILROAD COMPANY, PETALUMA AND SANTA ROSA RAILROAD COMPANY, SACRAMENTO NORTHERN RAILROAD, SAN DIEGO AND ARIZONA RAILWAY COMPANY, SAN FRANCISCO-SACRAMENTO RAILROAD COMPANY, SANTA MARIA VALLEY RAILROAD COMPANY, SIERRA RAILWAY COMPANY OF CALIFORNIA, SOUTHERN PACIFIC COMPANY, SUNSET RAILWAY COMPANY, TIDE-WATER SOUTHERN RAILWAY COMPANY, VISALIA ELECTRIC RAILROAD COMPANY, THE WESTERN PACIFIC RAILROAD

COMPANY, YREKA RAILROAD COMPANY, CENTRAL CALIFORNIA  
TRACTION COMPANY.

Case No. 1962.

Decided August 12, 1924.

BY THE COMMISSION.

**OPINION ON PETITION FOR REHEARING.**

This is a petition on behalf of the twenty-nine (29) defendants for a rehearing in the above entitled proceeding.

The Commission, by Decision No. 13857, rendered June 5, 1924, prescribed as just and reasonable and ordered carriers to establish, on or before twenty (20) days from the date of the order, a classification applying to the transportation of pipe, iron or steel, spiral seam or straight seam riveted, also galvanized iron or steel pipe (24 gauge and heavier, lock-seamed and soldered) less carloads, loose or in packages, as follows:

Over 12 inches in diameter-----	1½ times first class
12 inches or less in diameter-----	Third class

The rates to be subject to the minimum class rate scale carried in the tariffs of the different defendants, but not to the Western Classification.

The effective date of the order has been extended, first to July 10, then to July 25 and, finally, to August 25, 1924.

Four reasons are urged by petitioners as to why a rehearing should be granted.

The prayer of the petition is that the Commission shall set aside its former order and enter into an investigation of the entire matter of rates and classifications on pipe of allied kinds and sizes.

The one point for serious consideration is contained in allegations I and II, to the effect that the Commission erred in not basing its conclusions upon certain testimony and exhibits intended to show that less carload freight incurred a terminal cost of approximately 30 cents per 100 pounds and, therefore, that any rate less than 30 cents would be noncompensatory.

The testimony of the assistant superintendent of transportation of the Southern Pacific Company, found on page 128 of the transcript, is as follows:

Q. Now, during the past ten years have you made any study of any station cost studies?

A. I have.

Q. For about how many stations?

A. Approximately 250 stations.

Q. And what is your most recent study?

A. Most recent study that I have made on that point is one during last summer, covering 29 stations in California, Arizona and New Mexico on the lines of the Southern Pacific, Santa Fe, El Paso and Southwestern and Arizona Eastern.

Q. As a result of these studies what have you found the approximate cost to be for terminal expense only in handling less carload business?

A. 29.85 cents per 100 pounds, or approximately 30 cents.

Q. Would you say that that was or was not representative of the terminal cost in connection with the handling of pipe?

A. I believe that to be fairly representative of the cost of handling pipe.

Under cross-examination in connection with Exhibit No. 4, showing the minimum rate necessary, including the haulage costs, this witness made the following statements: (Tr. p. 136)

A. I do not know what rates are in effect there, but I have no hesitancy in telling you my opinion of our l. c. l. business, particularly on the short haul; I think we are doing it all at a loss.

Q. In any event, it is your conclusion that no rate whatever on less than carload traffic should be less than 40 cents a hundred pounds, according to your method of reasoning?

A. No, 40 cents is the cost. Now, you can take less—you can strike an average class, say third class, take something less than 40 for fourth class, something like that, perhaps, but it should average out 40 cents.

Q. I see. Then the first class rate would have to be more than 40, wouldn't it?

A. Yes, and the fourth class would have to be less.

Q. Would have to be less?

A. Perhaps the third class would have to be less, may be the second class would be the breaking point.

Q. You use the word "cost" there. Of course, you mean cost plus profit?

A. Yes sir.

Q. From your method of figuring, then, no first class rate—every first class rate would have to be something more than 40 cents per 100 pounds?

A. In a consideration of all the classes, yes sir.

Freight in less than carload quantities classifies under the first four classes, for which the minimum class rate scale, published in the tariffs of these defendants, provides as follows:

Classes	In cents per 100 pounds			
	1	2	3	4
Rates	25	21	17½	15

The Consolidated Freight Classification carries between 10,000 and 12,000 named commodities, many thousands of which move under the less-carload ratings, therefore if the Commission were to accept the defendants' contention that no less carload traffic should be handled at a rate lower than 40 cents per 100 pounds, it would be necessary, in order to produce sufficient revenue, to either reclassify less-carload freight or increase the first four rates of the minimum class scale, which latter would, of course, necessitate at the same time changes in the remaining six class rates.

The minimum class rate scale has been in effect since June 25, 1918, on the trunk line of the larger carriers, but the majority of the short lines are voluntarily conducting business on rates lower than the minimum 25-cent scale, and there has been no complaint that the traffic is unremunerative. In northern California, particularly in the territory where water commerce has its influence, the 25 cents blankets for long distances.



Traffic managers of the railroads and regulatory bodies have never made rates based entirely upon the cost of transporting any particular commodity and while cost figures might be closely approximated in some situations, cost of performing the service is not the positive determining factor, although much consideration should be and is given to that element, but where the cost charge is at best an average the Commission in reaching its conclusion must rely upon general averages in rates and by comparison with rates long in effect.

Prior to the war increases the carriers had many first-class freight rates as low as 6 cents per 100 pounds, but still in the handling of all traffic the net financial results in most situations were fairly satisfactory, as shown by the annual reports.

In a proceeding commonly referred to as the Sacramento Valley rate case—Cases Nos. 485, 580 and 686, decided November 4, 1916 (11, C. R. C. 867 and 12, C. R. C. 50), this Commission established class rates via the Southern Pacific Company from San Francisco and other named points to stations to and including the California-Oregon state line. Defendants presented a petition for rehearing, alleging, among other things, that certain of the rates prescribed did not cover alleged terminal costs and that the schedule was so low as to be confiscatory. The rehearing petition was denied. The Southern Pacific Company then took the proceeding into the District Court of California, where the bill of complaint was dismissed by three federal judges sitting *en banc*.

In the instant proceeding no satisfactory or positive showing was offered, and this is especially true when consideration is given to the fact that thousands of commodities other than iron pipe are moving at rates no higher than those prescribed for the transportation of the pipe here in issue. To segregate this particular pipe and arbitrarily establish rates higher than those assessed for the transportation of pipe of a similar kind creates discrimination and is unfair. The decision and order in this proceeding restores the classification existing before the war-time adjustments, but at greatly increased charges; it also places this soil pipe upon a more equitable basis with other iron pipe receiving the same kind of transportation service.

If defendants believe that the 25-cent minimum class rate scale now in effect is too low, or that the entire classification of iron pipe is erroneous, proper formal action should be taken by them, but it is not incumbent upon this Commission to institute a general investigation in a situation of this kind, particularly where the annual reports show that the principal defendants are not in financial distress.

We have examined the assignments of error, but none of them require modification or revision of our former report of the findings and conclusions therein contained.

The petition is denied.

**ORDER.**

Upon further consideration of the record in the above entitled proceeding and of defendants' petition for rehearing;

*It is hereby ordered*, that the said petition be and it is hereby denied.

*It is hereby further ordered*, that defendants, in compliance with the original decision and order, shall by proper filing and posting, make the prescribed classification and rates effective on or before August 30, 1924.

Dated at San Francisco, California, this twelfth day of August, 1924.

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DECISION No. 13913.

CITY OF SAN BERNARDINO, A MUNICIPAL CORPORATION,

*vs.*

PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION.

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Case No. 2007.

Decided August 12, 1924.

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*Wm. Guthrie*, for the City of San Bernardino.

*M. O. Hurt*, for the City of Colton.

*C. W. Cornell*, for Pacific Electric Railway Company.

*SHORE, Commissioner.*

**OPINION.**

Complainant, the city of San Bernardino, alleges that the Pacific Electric Railway Company, hereinafter referred to as the defendant, in the operation of its street car and interurban services between the cities of San Bernardino and Colton, via Mt. Vernon avenue in San Bernardino and via La Cadena avenue in Colton, publishes and collects fares discriminatory to the city of San Bernardino.

The gravamen of the complaint is that the present 9-cent fare to the territory south of Mill street, annexed to the city of San Bernardino January 22, 1923, and known as West Urbita Annex, is unjust, unreasonable and discriminatory, inasmuch as there is a 6-cent fare from all of the West Urbita district to Colton, and that the distance traveled to Colton under the 6-cent fare is greater than the distance to San Bernardino, where the 9-cent fare is now in effect. Complainant seeks an order changing the present San Bernardino 6-cent fare limit, now terminating at Mill street to the extreme southerly limit of the city of San Bernardino, a point 2640 feet south of Mill street.

Notwithstanding the fact that publicity was given to the proceeding, there were no witnesses who actually travel in the territory, the testimony received being that presented by the city authorities of San Ber-

nardino and of the witnesses for the defendant. The city of Colton entered an appearance, but presented no testimony.

The record is not as satisfactory as the Commission would desire, but under the circumstances it will be accepted as sufficient to straighten out the controversy.

The territory adjacent to Mill street, now in the city of San Bernardino, is sparsely inhabited, but the few houses in the annexed territory are all located between Mill street and Esperanza street, 600 feet south of Mill street. An exhibit giving travel check for four days in July indicates that very few passengers are carried and that of those moving a substantial percentage are employees of the defendant traveling on free transportation.

The defendant presented certain testimony and exhibits dealing with a check of the passengers handled and the operating revenue and expenses of the San Bernardino local lines. The intent of the exhibits was to show that after the payment of operating expenses, taxes and depreciation there was not sufficient reserve to pay interest on investment and that the transportation was being furnished at a loss. It was stated, however, that a change in the fare-breaking point to a location south of Mill street would have no material effect upon gross revenue and the carrier, while not approving any suggested change because of the possible effect such adjustment might have on the fares of the future, did not interpose any strong objections to an adjustment satisfactory to the complainant.

After consideration, I do not believe that complainant has justified the contention that the 6-cent fare-breaking point should be extended south 2640 feet to include all of the newly annexed territory of the city of San Bernardino, but I am of the opinion that the city of San Bernardino is discriminated against in favor of Colton under the present fare adjustment, and that a just and reasonable fare-breaking point for the 6-cent fare would be at Esperanza street, a point some 600 feet south of Mill street.

I submit the following order:

#### ORDER.

The city of San Bernardino, having filed a complaint with this Commission attacking as unjust, unreasonable and discriminatory the 9-cent passenger fare between San Bernardino and the territory south of Mill street, known as the West Urbita Annex, all in the city of San Bernardino, a regular hearing having been held, and the adjustment having been found to be discriminatory;

*It is hereby ordered*, that the Pacific Electric Railway Company, within twenty (20) days from the date hereof, publish and file a tariff establishing a fare of six (6) cents between the city of San Bernardino

and Esperanza street, a point approximately 600 feet south of Mill street, all in the city of San Bernardino.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twelfth day of August, 1924.

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DECISION No. 13923.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY, A CORPORATION; SOUTHERN PACIFIC RAILROAD COMPANY, A CORPORATION, AND LOS ANGELES AND SALT LAKE RAILROAD COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE CONSTRUCTION, MAINTENANCE AND OPERATION, AT GRADE, OF (1) CERTAIN CONNECTING TRACKS BETWEEN THEIR RESPECTIVE LINES OF RAILROAD, AND CERTAIN OTHER TRACKS, OVER AND ACROSS CERTAIN PUBLIC STREETS, AND (2) A RAILROAD CROSSING BETWEEN THEIR RESPECTIVE LINES OF RAILROAD AT A POINT IN ALHAMBRA AVENUE, ALL WITHIN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 10032.

Decided August 16, 1924.

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GRADE CROSSING—STEAM RAILROAD—SEPARATION OF GRADES.—Southern Pacific Company, Southern Pacific Railroad Company, and Los Angeles and Salt Lake Railroad Company are authorized to construct connecting tracks at grade over and across certain public streets, and a railroad crossing between their respective lines of railroad at a point in Alhambra avenue in the city of Los Angeles, for the purpose of permitting joint use of the Southern Pacific arcade station, and also joint use of Los Angeles and Salt Lake Railroad tracks on the east bank of the Los Angeles River for through freight trains. The Commission reserves the right to order a separation of grades when and if conditions should require such action.

*A. S. Halsted and Fred E. Pettit, Jr.*, for Los Angeles and Salt Lake Railroad Company.

*E. J. Foulds and Frank Karr*, for Southern Pacific Company and for Southern Pacific Railroad Company.

*Frank Karr*, for Pacific Electric Railway Company.

*Jess E. Stephens*, City Attorney, and *Milton Bryan*, Deputy, for the City of Los Angeles.

*W. W. Clay*, for the Central Development Association.

*David R. Faries and John R. Berryman, Jr.*, for Automobile Club of Southern California.

*Mannard McFie*, for Vernon and Southeastern Industries Association.

*S. L. Huskins and H. G. Weeks*, for Los Angeles Railway Corporation.

*BRUNDIGE*, Commissioner.

OPINION.

In this proceeding the Southern Pacific Company and the Los Angeles and Salt Lake Railroad Company seek authorization to cross certain streets and avenues within the city of Los Angeles with certain lines of railroad more specifically described hereinafter.

The expressed purpose is to give effect to a certain "temporary agreement" between the two companies, a copy of which was filed with the Commission and which outlines the terms and conditions under which the Los Angeles and Salt Lake Railroad Company may operate its passenger trains in and out of the Southern Pacific Company's passenger station at Fifth street and Central avenue, abandoning for passenger purposes its present station at First street on the East bank of the Los Angeles River. Also, the arrangement contemplates that the Southern Pacific Company will route its through freight trains, Pacific Electric "bridge" switches and Southern Pacific-Pacific Electric transfer switches along the East bank of the Los Angeles River, thus relieving Alameda street of this railroad traffic.

It requires no more than a cursory examination of this application to recognize that it may not be treated without consideration of a number of other matters with which it is necessarily involved, among which may be mentioned the Union Passenger Terminal Cases and the Applications regarding grade separation at certain river crossings. In order to clarify the whole matter of terminal facilities and railroad operations in the city of Los Angeles, and to determine exactly the relation of this application to other pending cases, public hearings were held on June 4th and June 18th.

Without attempting to review all the voluminous testimony and exhibits filed, it will suffice to say that the Commission, while acting favorably upon this application, is persuaded that the arrangement proposed will by no means permanently solve the railroad problem or the traffic congestion problem in Los Angeles, and it may be said that its sanction to the installation of the tracks herein proposed is given primarily in order that the plan may be tested. It must moreover be recognized that such sanction is given solely upon condition and understanding that it will not jeopardize or affect in any manner the position of the city of Los Angeles or this Commission, or any other party to the Union Terminal proceeding; nor hamper the program for grade separation.

All plans introduced in the Union Terminal proceedings look to the diversion of both freight and passenger traffic from Alameda street to the river bank tracks; there is no question that ultimately freight traffic must be thus removed, but there is some question as to what the effect will be upon vehicular traffic if we remove all of the freight traffic to the river bank tracks at this time prior to the completion of the viaducts as proposed in other proceedings now before this Commission. The work of grade separation at some of the river crossings is now actively under way, but it will be a period of months before it is completed. During this construction period it is extremely doubtful whether it will be advisable to add to the river bank vehicular traffic

congestion by swelling the volume of railroad traffic with the Alameda street freight movements. This matter of diverting freight traffic should be regarded as an experimental one, and it may be that both Alameda street and the river bank tracks should be utilized for freight movements until the viaducts are built.

At the hearing much emphasis was laid upon the paramount necessity of alleviating the present intolerable and dangerous traffic congestion, and estimates were introduced dealing with the possible relief which might be expected by the adoption of the carrier's plan. This feature is of such importance that it may be said that it alone would justify giving heed to the applicants' plea and that their proposed arrangement be given experimental effect under the supervision of the Commission in order that the anticipated benefits and the actual relief to the traffic problem could be ascertained by actual trial.

It is not believed at this time that the joint occupancy of the Southern Pacific station by the applicants can have any effect upon the determination of the Union Passenger Terminal cases. It is unnecessary to review the history of those proceedings; the matter now is under consideration and will be determined shortly by the Interstate Commerce Commission upon the record already adduced before it.

It is moreover to be anticipated that an unsatisfactory and hazardous condition will arise at Santa Fe avenue, and the Commission will immediately, upon making effective the arrangements outlined, institute proceedings on its own motion to determine whether a grade separation should be made at that point.

#### ORDER.

Southern Pacific Company, a corporation, Southern Pacific Railroad Company, a corporation, and the Los Angeles and Salt Lake Railroad Company, a corporation, having made application for permission to cross certain streets and avenues within the city of Los Angeles, public hearings having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that permission and authority be and it is hereby granted the Southern Pacific Company, Southern Pacific Railroad Company, and the Los Angeles and Salt Lake Railroad Company, to construct certain connecting tracks between their respective lines of railroad and certain other tracks over and across certain public streets, and a railroad crossing between their respective lines of railroad at a point in Alhambra avenue, all within the city of Los Angeles, State of California, more specifically described as follows:

Beginning at a point in the center line of the present Southern Pacific Railroad Company double main tracks in Alhambra avenue, said point being distant 990 feet, more or less, measured north 83 degrees 35 minutes 15 seconds east, along said center line from its point of intersection with the easterly line of the official bed of the Los Angeles River; thence south 83 degrees 35 minutes 15 seconds west, a distance

of 32.87 feet to a point; thence south 89 degrees 19 minutes 15 seconds west, a distance of 52.25 feet to a point; thence northwesterly along a curved line, concave to the right, having a radius of 563 feet, more or less, whose tangent is the last described course, a distance of 737 feet, more or less, to a point; thence north 14 degrees 6 minutes 15 seconds east, a distance of 52.25 feet to a point; thence north 19 degrees 50 minutes 15 seconds east, a distance of 32.87 feet to a point in the center line of proposed Union Pacific double track, the west track being distant 953 feet, more or less, measured north 19 degrees 50 minutes 15 seconds east along said center line from its point of intersection with Southern Pacific Railroad Company's center line of double main tracks, and

Beginning at a point in the center line of the Southern Pacific Railroad Company's double main tracks in Alhambra avenue, said point being distant 500 feet, more or less, easterly measured along said center line from its intersection with the easterly line of the official bed of the Los Angeles River; thence westerly and southerly along the line of standard switch turnout and the line of a curve concave to the southeast, having a radius of 521 feet, more or less, 290 feet, more or less, to a point in the southerly line of Alhambra avenue distant easterly 230 feet, more or less, measured along said southerly line of Alhambra avenue from its intersection with the easterly line of the official bed of the Los Angeles River.

Alhambra avenue. Beginning at a point in the northerly line of Alhambra avenue distant easterly measured along the said northerly line eighteen (18) feet, more or less, from the intersection of the northerly line of Alhambra avenue and easterly line of the official bed of Los Angeles River; thence southerly on a straight line one hundred twenty-five (125) feet, more or less, to a point in the southerly line of Alhambra avenue, distance easterly measured along the said southerly line eighteen (18) feet, more or less, from the intersection of the southerly line of Alhambra avenue and the easterly line of the official bed of the Los Angeles River.

Alosta street. Beginning at a point in the northerly line of Alosta street distant southeasterly measured along said northerly line two hundred eight-five (285) feet, more or less, from the easterly line of the official bed of Los Angeles River; thence in a southeasterly direction on a curve concave to the northeast having a radius of 1672.28 feet, two hundred sixty-five (265) feet, more or less, to a point in the southerly line of Alosta street, distant, measured southeasterly along the said southerly line four hundred sixty-five (465) feet from the easterly line of the official bed of the Los Angeles River.

Intersection of Albion and North Main streets. Beginning at a point in the northwesterly line of Albion street distant northeasterly measured along the northwesterly line of Albion street twenty (20) feet, more or less, from the intersection of the northwesterly line of Albion street and the easterly line of the official bed of the Los Angeles River; thence in a southerly direction along a curve concave to the west having a radius of 1273.57 feet, one hundred twenty (120) feet, more or less, to a point in the southerly line of North Main street, distant easterly measured along the southerly line of North Main street sixteen (16) feet, more or less, from the intersection of the south line of North Main street and easterly line of the official bed of the Los Angeles River.

All of the above as shown by the map (Exhibit "C") attached to the application; said crossings to be constructed subject to the following conditions, viz:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossings shall be constructed of a width and type of construction to conform to those portions of said streets now graded with the top of rails flush with the pavement, and with grades of approach not exceeding two (2) per cent; shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(4) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(5) During the construction period of viaducts on the East bank of the Los Angeles River, applicants shall consult with this Commission and obtain its approval before diverting or routing freight traffic from Alameda street to river bank crossings or vice versa; and shall comply with directions of the Commission made on its own initiative with respect to diverting or routing of freight traffic.

(6) Applicants shall not use the granting of this application either by way of defense or argument on the ground of capital expenditure or any other ground against any order, or in any proceeding now or hereafter pending before this Commission or any other Commission, court, or public tribunal providing for or looking toward railroad or terminal unification in the city of Los Angeles.

(7) The Commission reserves the right to make such other and further orders herein relative to the location, construction, operation, maintenance and protection of said crossings or to the diverting or routing of freight or other traffic over them or any of them as to it may seem right and proper, and to revoke the permission hereby granted if, in its judgment, public convenience and necessity at any time demand such action.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective two (2) days after the making thereof.

Dated at San Francisco, California, this sixteenth day of August, 1924.

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DECISION No. 13925.

IN THE MATTER OF APPLICATION OF PETERS-RHOADES COMPANY, INCORPORATED. ORDER AUTHORIZING ESTABLISHMENT OF WATER RATES ON LOT EIGHTEEN OF SECTION THIRTY-ONE, TOWNSHIP THREE NORTH, RANGE FOURTEEN WEST, SAN BERNARDINO BASE AND MERIDIAN, AS PER SUPPLEMENTAL PLAT OF SAID SECTION FILED IN THE UNITED STATES LAND OFFICE AT LOS ANGELES, CALIFORNIA, ON MAY 1, 1916; ALSO THE WEST ONE-HALF OF THE SOUTHWEST QUARTER OF SECTION THIRTY-TWO, TOWNSHIP THREE NORTH, RANGE FOURTEEN WEST, SAN BERNARDINO BASE AND MERIDIAN, LOS



ANGELES COUNTY, STATE OF CALIFORNIA, AND BEING SUB-  
DIVIDED INTO SOME FOUR HUNDRED NINETY-ONE LOTS.

Application No. 10156.

Decided August 16, 1924.

*D. L. Peters*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Peters-Rhoades Company, Incorporated, asks for a certificate of public convenience and necessity covering the operation of a water system in a subdivision located in Kagel Canyon, Los Angeles County, and generally known as "El Merrie Dell." The Commission is also asked to establish rates to be charged for water supplied for domestic purposes to the property owners of the subdivision.

A public hearing in this matter was held at Los Angeles before Examiner Williams, after all interested parties had been duly notified and given an opportunity to be present and be heard.

The testimony shows that the Peters-Rhoades Company has subdivided approximately 40 acres of land and in order to assist in the sale of lots has installed a water system, and now desires to operate the same as a public utility. Water is at present supplied free of charge to the few consumers who are located on the subdivision.

At the hearing M. L. Reed, one of the Commission's hydraulic engineers, submitted a report in which it was shown that a reasonable cost of the system which has recently been constructed was \$3,485, with a depreciation annuity, computed by the 6 per cent sinking fund method, of \$95. This report also recommended the sum of \$1,200 per annum as a reasonable maintenance and operation expense.

The evidence shows that the lots in this subdivision will be utilized almost entirely for the construction of summer resort cabins, together with a hotel and other structures which may be necessary. At the present time approximately thirty-five services are in actual use, and it is apparent that for some time to come the proprietors of the system can not reasonably expect a return upon the investment.

No other utility is supplying water service in this general vicinity, and it is apparent that applicant should be granted a certificate of public convenience and necessity. The rates set out in the accompanying order are designed to yield the applicant a reasonable revenue for the service rendered. In establishing these rates the Commission has given

full consideration to the cost of the system, probable operating expense, and the character of the business.

### ORDER.

Application having been made as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that Peters-Rhoades Company, Incorporated, operate a public utility water system to supply domestic service to consumers upon a subdivision located in Kagel Canyon, Los Angeles County, generally known as "El Merrie Dell" and more particularly described in the application herein; and

*It is hereby ordered*, that Peters-Rhoades Company, Incorporated, be and the same is hereby authorized to file with this Commission within twenty (20) days from the date of this order, and thereafter charge, the following schedule of rates for water delivered to consumers in "El Merrie Dell:"

#### *Monthly Flat Rates.*

For residences ----- \$2 00 per month when occupied  
All other service to be charged for at the following monthly meter rates:

#### *Monthly Meter Rates.*

Monthly minimum charges—

For ½-inch by ¾-inch meter-----	\$1 50
For ¾-inch meter -----	2 50
For 1 -inch meter -----	4 00
For 1½-inch meter -----	7 00
For 2 -inch meter -----	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "monthly meter rates":

Monthly meter rates—

From 0 to 500 cubic feet, per 100 cubic feet-----	\$0 30
From 500 to 3000 cubic feet, per 100 cubic feet-----	25
Over 3000 cubic feet, per 100 cubic feet-----	20

*It is hereby further ordered*, that Peters-Rhoades Company, Incorporated, be and the same is hereby directed to file with this Commission within thirty (30) days of the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this sixteenth day of August, 1924.

## DECISION No. 13926.

IN THE MATTER OF THE APPLICATION OF LIBERTY ACRES WATER COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND FOR AUTHORITY TO PURCHASE A FRANCHISE AND WATER SYSTEM.

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Application No. 10188.

Decided August 16, 1924.

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*Thomas D. Long*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Liberty Acres Water Company asks the Railroad Commission to make an order:

(1) Declaring that public convenience and necessity require the operation by Liberty Acres Water Company of a water system in Tracts No. 5755 and 6490 in Los Angeles County; and

(2) Authorizing Liberty Acres Water Company to issue \$35,000 of its common capital stock.

A public hearing in this matter was held before Examiner Williams in Los Angeles, after due notice had been given so that all interested parties might appear and be heard. At the hearing the company stipulated that the Commission might at this time fix the rate to be charged.

The application shows that Ole Hanson, president of Liberty Acres Water Company, is the owner of the beneficiary interest in Tracts No. 5755 and 6490 which are known as Liberty Acres and are located near the town of Hawthorne. It appears that the two tracts were platted and subdivided by Mr. Hanson, who found it desirable, in order to facilitate the sale thereof, to construct a water system to supply the purchasers of the land in the subdivision. To this end a franchise to lay water pipe on all the avenues and streets within the limits of and bounding said tracts was obtained from the board of supervisors of Los Angeles County and a well was drilled, water mains laid, a pumping plant installed and a complete water system established and water was furnished to the residents on the tracts without charge.

It is now reported that the owners of the franchise and water system have found it impossible to continue operations any longer without compensation. For this reason they have caused the organization of Liberty Acres Water Company, a corporation, for the express purpose of receiving and operating the water system. The articles of incorporation of Liberty Acres Water Company, a copy of which is filed with the application, show that the company was organized on or about August 22, 1923, with an authorized capital stock of \$35,000, divided into 35,000 shares of the par value of \$1 each, all shares being common. It is pro-

posed at this time to issue all of the authorized capital stock in full payment for the franchise and property, to which reference is herein made, free and clear of all liens and encumbrances.

The application and testimony herein indicate that the system which was installed during 1923 cost in excess of \$35,000 to construct. In this connection, M. I. Reed, one of the Commission's assistant hydraulic engineers, introduced as the Commission's Exhibit "A" a report containing in some detail an inventory of the system and an estimate of the cost thereof, such cost being estimated at \$35,164. According to Mr. Reed's report, the system, as now constructed, is composed of a 12-inch well 460 feet deep in which is installed a Layne and Bowler 12-inch turbine pump driven by a 25-horsepower verticle motor. The water is pumped from the well into a redwood tank of 25,000 gallons capacity and flows from this tank by gravity into the distributing system, which consists of approximately 4300 feet of 6-inch, 14-gauge riveted steel pipe, 33,100 feet of 4-inch, 14-gauge riveted steel pipe and 7300 feet of 2-inch black dipped pipe. Water is served to approximately 80 consumers through  $\frac{3}{4}$ -inch services.

It appears to us that \$35,000 of stock is a reasonable amount to be issued in payment for these properties, it being understood, however, the amount of stock the company is herein authorized to issue shall not be binding upon this Commission, or other court or public body, as a measure of value of such properties for fixing rates or for any purpose other than this transfer.

The rates set out in the accompanying order compare favorably with the rates charged by other utilities operating under similar conditions and are reasonable charges for the service rendered. Applicant does not at this time expect or desire a return upon the cost of the property devoted to the public use.

#### ORDER.

Liberty Acres Water Company, having applied to the Railroad Commission for a certificate of public convenience and necessity and for an order authorizing the issue of \$35,000 of stock, a public hearing having been held thereon, at which no one appeared to protest the granting of the application, and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require the operation by Liberty Acres Water Company of a public utility to supply

water to consumers located on Tracts Nos. 5755 and 6490, Los Angeles County; and

*It is hereby ordered*, that Liberty Acres Water Company be and it is hereby authorized to issue after the effective date of this order and on or before November 30, 1924, \$35,000 of its stock in full payment for the franchise and property to which reference is made in the foregoing opinion, such properties to be transferred to Liberty Acres Water Company free and clear of all liens and encumbrances. The company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that Liberty Acres Water Company be and the same is hereby authorized to file with this Commission, within twenty (20) days of the date of this order, the following schedule of rates to be charged for water delivered to consumers:

*Monthly Flat Rates.*

For 3-inch services-----	\$1 50 per month
For 1-inch services-----	3 00 per month

*It is hereby further ordered*, that Liberty Acres Water Company be and it is hereby directed to file with this Commission, within thirty (30) days of the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as twenty (20) days after the date hereof.

Dated at San Francisco, California, this sixteenth day of August, 1924.

DECISION No. 13927.

IN THE MATTER OF THE APPLICATION OF THE CROWN WATER COMPANY, A CORPORATION, FOR AN ORDER FIXING THE RATE OF TWO DOLLARS PER MONTH FOR WATER FOR DOMESTIC USE; ALSO FOR PERMISSION TO INSTALL WATER METERS; ALSO AN ORDER FIXING A METER RATE OF TWO DOLLARS PER TWO THOUSAND GALLONS AND SEVENTY-FIVE CENTS PER ONE THOUSAND GALLONS OR FRACTION THEREOF OVER AND ABOVE THE FIRST TWO THOUSAND GALLONS.

Application No. 10194.

Decided August 16, 1924.

*B. W. Hancy*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Crown Water Company, a corporation, asks authority to install water meters, also for an order fixing a meter rate of \$2 per 2000 gallons, with excess use at the rate of 75 cents per 1000 gallons.

A public hearing in this matter was held before Examiner Williams at Redondo Beach, after all interested parties had been duly notified and given an opportunity to be present and be heard.

The evidence shows that in 1923 this company supplied water for domestic purposes to twelve consumers, and for irrigation use to the same number. Revenues for the year 1923 were \$703. In 1924 the number of domestic consumers remained the same, but water for irrigation purposes was sold regularly to only one person, as Japanese gardeners who in former years used almost the entire amount of water sold for irrigation purposes have abandoned their gardens and discontinued the use of water. The evidence shows that the revenues for the year 1924 will approximate only \$260.

At the hearing a report was submitted by M. I. Reed, one of the Commission's hydraulic engineers, in which the estimated original cost of this system was shown as \$4,068, with a depreciation annuity computed by the sinking fund method of \$77. This report also showed that during the period from January 1 to June 1, 1924, maintenance and operation expenses amounted to \$171, not including any charge for services of Mr. Haney, who operates the pump.

The records of the company show that the tank, which has a capacity of 10,000 gallons, is filled approximately twelve times each month. Water from the tank is used only for domestic purposes and the use of water per consumer has averaged 10,000 gallons per month, for which a flat rate charge of \$1.25 has been made. These figures indicate an excessive and wasteful use of water and that an unreasonably low rate is charged for the service. It is clearly evident that the metering of the system is the only way in which wasteful and extravagant use of water can be reduced, and the utility should proceed immediately to install meters upon all services.

Revenues from the sale of water to the few consumers supplied by the system will be small, and it is only by the exercise of the utmost economy that operating expenses can be provided for from the utility's income, and it will be practically impossible to earn any return upon the investment in the property.

At the hearing the applicant stated that rates regarded as reasonable by the Commission would be acceptable, and the schedule set out in the

following order is similar to the schedules of rates established by this Commission for utilities operating in the vicinity under like conditions.

### ORDER.

Crown Water Company, a corporation, having made application to this Commission for authority to install meters and for the establishment of meter rates, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the matter;

*It is hereby ordered*, that Crown Water Company, a corporation, be and the same is hereby authorized to file with this Commission within twenty (20) days of the date of this order, and thereafter charge, the following schedule of rates for water delivered to its consumers:

#### *Meter Rates.*

##### Monthly minimum charges—

For $\frac{3}{4}$ -inch meter.....	\$1 50
For $\frac{1}{2}$ -inch meter.....	2 50
For 1 -inch meter.....	4 00
For 1½-inch meter.....	7 00
For 2 -inch meter.....	12 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that monthly minimum charge will purchase at the following "monthly meter rates":

##### Monthly meter rates—

From 0 to 500 cubic feet, per 100 cubic feet.....	\$0 30
From 500 to 3000 cubic feet, per 100 cubic feet.....	25
Over 3000 cubic feet, per 100 cubic feet.....	20

#### *Monthly Flat Rates.*

For house of 5 rooms or less.....	\$1 50
For each additional room above 5.....	10
For each automobile.....	15
For each horse or cow.....	15
For each goat.....	05
For 50 chickens or less.....	25
For each 50 chickens in excess of the first 50.....	15
For 50 rabbits or less.....	25
For each 50 rabbits over the first 50.....	15
For sprinkling lawns, gardens or shrubbery, per 100 square feet.....	05

#### *Irrigation Rate.*

Per hour run of pump at a capacity of 43 miner's inches or .86 cubic foot per second .....	\$2 50
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*It is hereby further ordered*, that Crown Water Company, a corporation, be and the same is hereby directed to file with this Commission within thirty (30) days of the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

Dated at San Francisco, California, this sixteenth day of August, 1924.

## DECISION No. 13937.

GEORGE P. WICKER

vs.

LAUREL CANYON LAND COMPANY.

Case No. 1937.

C. J. MILLIRON

vs.

LAUREL CANYON LAND COMPANY.

Case No. 1938.

Decided August 19, 1924.

*George L. Hampton; Hazlett and Albee, by M. A. Albee; C. J. Milliron, and George H. P. Shaw, for Complainants and Protestants.*  
*Fred Mansur and Joe Crail, for Laurel Canyon Land Company.*

BY THE COMMISSION.

## FIRST SUPPLEMENTAL ORDER.

The Railroad Commission having made its order reopening the above entitled proceeding for the purpose of considering whether or not Laurel Canyon Land Company has complied with the order in Decision No. 13098, dated February 1, 1924, a public hearing having been held thereon before Examiner Satterwhite, a stipulation having been entered into by counsel for complainants and Laurel Canyon Land Company, a copy of which is attached hereto and marked "Exhibit A," providing for the construction and installation of pumping equipment and a pipe line connection with the water mains of the city of Los Angeles, in accordance with the Commission's suggestion and order in Decision No. 13098 above referred to, and the testimony indicating that this is the only source of water supply available from which the Laurel Canyon Land Company can secure an adequate supply of water for its consumers;

*It is hereby ordered,* that Laurel Canyon Land Company be and it is hereby directed to proceed at once to carry out the provisions of said stipulation attached hereto and marked "Exhibit A," and to notify this Commission upon full compliance with the terms and conditions thereof.

*It is hereby further ordered,* that Laurel Canyon Land Company be and it is hereby directed to refund to R. L. Chatain as trustee, as provided for in the attached stipulation, the sum of seventy-five dollars (\$75) at the end of each and every month commencing on September 30, 1924, and continuing until such time as the entire amount deposited by consumers has been refunded; provided, however, that should the extension and connection to the mains of the city of Los Angeles become



nonoperative due to the fact that the said city may have installed a water system throughout the territory now served by Laurel Canyon Land Company, then the Laurel Canyon Land Company shall proceed to salvage such extension and pumping equipment and the money so recovered shall be refunded to the consumers through R. L. Chatain, as trustee, in an amount equal to the remaining refund then due, or the total amount recovered if less than the amount due, which shall constitute payment in full.

*It is hereby further ordered*, that this Commission's order reopening the above entitled Cases No. 1937 and No. 1938, dated August 2, 1924, be and the same is hereby vacated.

The effective date of this order is hereby fixed as September 1, 1924.

Dated at San Francisco, California, this nineteenth day of August, 1924.

### EXHIBIT "A."

Filed Aug. 12, 1924, at hearing.—W. T. S.

GEORGE P. WICKER, *Complainant*, vs. LAUREL CANYON LAND COMPANY, *Defendant*. Case L. A. No. 1937.

C. J. MILLIRON, *Complainant*, vs. LAUREL CANYON LAND COMPANY, *Defendant*. Case L. A. No. 1938.

IN THE MATTER OF THE LAUREL CANYON LAND COMPANY AND THE LAUREL CANYON WATER COMPANY FOR ORDER APPROVING TRANSFER OF PROPERTY AND ESTABLISHING RATES FOR WATER SERVICE. CASE L. A. NO. 19025.

### STIPULATION.

It is hereby stipulated by and between counsel for the complainants in the above entitled case of Wicker vs. Laurel Canyon Land Company, and Milliron vs. Laurel Canyon Land Company and the protestants in the above matter of the application of Laurel Canyon Land Company and Laurel Canyon Water Company for an order, etc., that in accordance with the memorandum dated August 12, 1924, between Laurel Canyon Land Company and R. L. Chatain, which is herewith attached and filed as a part of this stipulation, that the Railroad Commission may make the order therein provided, and otherwise carry out the provisions of said memorandum.

Dated August 12, 1924.

GEO. L. HAMPTON,  
HAZLETT & ALBEE,  
C. J. MILLIRON,  
GEORGE H. P. SHAW,  
Attorneys for Complainants,  
George P. Wicker and C. J.  
Milliron, and Protestants,  
FRED MANSUR,  
JOE CRAIL,  
Attorneys for Laurel Canyon  
Land Company.

### MEMORANDUM.

This memorandum, made and entered, in triplicate, into this 12th day of August, 1924, by and between Laurel Canyon Land Company, Corporation, first party, and R. L. Chatain, as Trustee for the uses and trusts hereinafter referred to, second party, witnesseth:

Whereas, there exists at the present a shortage in the available supply of water of the first party, and it is necessary for the first party to augment such supply, which will require the expenditure of money, and certain consumers under the system of said first party are willing to advance to the first party a sum not to exceed thirty-three hundred dollars (\$3,300.00), towards assisting said first party in installing the necessary improvements to augment such supply, providing the same be completed on or before September 1, 1924, and have subscribed to a fund therefor and have constituted and appointed the second party as Trustee to hold said moneys and disburse the same;

Now, in consideration of the above, it is mutually agreed.

1. The first party will secure an additional supply of water from the mains and systems of the city of Los Angeles, county of Los Angeles, State of California, by connecting therewith at some feasible point at or near Sunset boulevard, the exact point to be hereafter determined by the engineers hereinafter named, and installing

such pumps, mains, etc., as may be necessary to deliver water from said mains to Reservoir No. One of the first party, in accordance with plans and specifications to be first approved by Engineer Van Hoesen of the Railroad Commission of the State of California, P. C. Finkle, James E. Barker and W. S. Johnson, such connection and improvement to be fully completed, installed and in operation on or before the first day of September, 1924, to the full satisfaction and approval of P. H. Van Hoesen of the Railroad Commission of the State of California or of such other engineer as the state may designate.

2. Upon P. H. Van Hoesen, or such other engineer as said Railroad Commission may designate, certifying in writing to the second party that said connection and improvement to said system had been fully installed, completed, and in operation on or before September 1, 1924, the second party agrees to pay to the first party the sum of thirty-three hundred dollars (\$3,300.00); provided, however, in case the amount of money actually expended by said first party in making the above installation and connection, including pumps and other equipment, does not amount to the sum of thirty-three hundred dollars (\$3,300.00), the second party shall pay only the amount of money so expended by the first party, but in case the amount of money so expended by first party shall amount to or exceed the sum of thirty-three hundred dollars (\$3,300.00) then the second party shall not pay anything in excess of said sum of thirty-three hundred dollars (\$3,300.00), and provided further said certificate to be issued by said Van Hoesen, or other engineer, shall specify whether the amount of money so expended amounts to or is less than the sum of thirty-three hundred dollars (\$3,300.00).

3. The money so advanced by said consumers, through the second party as trustee, shall be refunded to said consumers in the manner and under such terms and conditions and at such time or times as may be provided by the Railroad Commission of the State of California.

4. This agreement is made upon the condition that it shall be first approved by the Railroad Commission of the State of California, and said Commission shall order said improvement to be installed and in operation on or before September 1, 1924.

5. It is hereby agreed that this memorandum may be filed in the proceedings now pending before the Railroad Commission of the State of California in relation to the above matters, being cases Nos. 1937, 1938 and 10025.

In witness whereof, the above memorandum has been signed by the respective parties herewith, the day and year first above written.

LAUREL CANYON LAND CO.

By CHAS. S. MANN, Pres.  
MARY P. MANN, Secy.  
R. L. CHATAIN, Trustee.

LOS ANGELES, CAL., August 12, 1924.

For value received, we, the undersigned, hereby guarantee that thirty-three hundred dollars (\$3,300.00) will be paid to the above named trustees for the uses and purposes above set forth and that the said trustee will faithfully comply with all of the terms and conditions of the above agreement on his part to be performed.

C. J. MILLIRON,  
MARGUERITE H. FICKETT.

M. KROMAN,  
H. V. PLATT,  
By L. S. GRANGER.

### DECISION No. 13942.

IN THE MATTER OF THE APPLICATION OF PEERLESS STAGES, INCORPORATED, FOR PERMISSION TO ISSUE A NOTE AND CHATTEL MORTGAGE TO THE BANK OF ITALY IN THE SUM OF TEN THOUSAND DOLLARS (\$10,000) TO REFUND A CERTAIN CHATTEL MORTGAGE HERETOFORE AUTHORIZED BY THE RAILROAD COMMISSION.

Application No. 10399.

Decided August 20, 1924.

BY THE COMMISSION.

### ORDER.

WHEREAS, The Railroad Commission, by Decision No. 12674, dated October 2, 1923, as amended by Decision No. 12706, dated October 13, 1923, authorized Peerless Stages, Incorporated, among other things, to execute a chattel mortgage on twelve of its automobiles and to issue to Henry T. Campbell, in payment for properties, its 8 per cent serial

note in the principal amount of \$14,000 payable in monthly installments of not less than \$500; and

WHEREAS, Peerless Stages, Incorporated, in the above entitled matter, has applied to the Railroad Commission for permission to execute to the Bank of Italy a new mortgage on certain of its automobiles and to issue its 6 per cent demand note for \$10,000 to refund the balance due on the \$14,000 note issued to Henry T. Campbell pursuant to Decision No. 12674, as amended by Decision No. 12706; and

WHEREAS, A copy of the proposed mortgage satisfactory in form has been filed with the Commission in this proceeding as Exhibit "A;" and

WHEREAS, The Commission is of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted as provided herein and that the execution of the mortgage and the issue of the note is reasonably required by applicant; therefore,

*It is hereby ordered*, that Peerless Stages, Incorporated, be and it is hereby authorized to execute a mortgage substantially in the same form as that filed in this proceeding and marked Exhibit "A," and to issue, on or before October 31, 1924, its 6 per cent promissory note in the principal amount of \$10,000 for the purpose of refunding the balance due on the note issued to Henry T. Campbell pursuant to Decision No. 12674, dated October 2, 1923, as amended by Decision No. 12706, dated October 13, 1923.

The authority herein granted is subject to the following conditions:

1. The authority herein granted to execute a mortgage is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage as to such other legal requirements to which said mortgage may be subject.

2. Within thirty days after execution of the mortgage herein authorized, a certified copy thereof, as finally executed, shall be filed with the Commission.

3. Applicant shall file with the Commission within thirty days after execution of the mortgage, a statement showing for what purpose or purposes, the proceeds received were used.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twentieth day of August, 1924.

## DECISION No. 13945.

A. J. HAPPE

vs.

REDLANDS ORANGE GROWERS ASSOCIATION, DWIGHT C. LEFFERTS,  
FROST AND FROST TRUCKING COMPANY, MARION L. FROST,  
WESLEY H. FROST, JOSEPH A. PATTERSON.

Case No. 1976.

Decided August 20, 1924.

TRANSPORTATION—AUTO TRUCKS—CONTRACT CARRIER.—The Commission finds that the leasing of trucks was merely a contract for hauling fruit in violation of Auto Stage and Truck Transportation Act.

*Richard T. Eddy*, for the Complainant.

*Leonard, Surr and Hellyer*, by *G. W. Hellyer*, for Defendants.

*F. M. Hodge*, for Hodge Transportation System, Intervener on behalf of Complainant.

SHORE, *Commissioner*.

## OPINION.

The complaint in this matter, filed February 4, 1924, by A. J. Happe, doing business under the fictitious name of A. J. Happe Transfer Company, alleges that complainant is operating automobile trucks for the transportation of property between the Redlands-Highlands district and Los Angeles harbor points as a common carrier under a certificate of public convenience and necessity issued by this Commission; that the defendants, and each of them, for a period of sixty (60) days preceding the filing of the complaint had been, and on that date were, operating as a transportation company transporting citrus fruits from the Redlands-Highlands district to Los Angeles harbor points, without having obtained a certificate of public convenience and necessity, and in violation of the provisions of the Auto Stage and Truck Transportation Act, and to complainant's great and irreparable injury.

Answers were filed by each of the defendants objecting to the jurisdiction of the Commission over either the subject matter of the complaint or over the persons of the defendants. Defendants alleged that the proceeding was in violation of section 13, article I of the California constitution and amendment five of the United States constitution, declared that they submitted to the jurisdiction of the Commission only for the limited purpose of filing their answers, and denied that they were a transportation company or common carrier or that they were engaged in the business of transporting property for compensation between fixed termini, or over a regular route, or that their operations were in violation of law, or that by reason of their acts the complainant had or would suffer any damage whatsoever.

A public hearing was held upon the matter in Los Angeles on April 7, 1924, at which time evidence, oral and documentary, was presented, the matter was submitted and is now ready for decision.

At the hearing counsel for defendants objected to the calling of any of the defendants to the witness stand upon the ground that no person could be compelled to be a witness against himself, and asked that each of the defendants when so called and sworn be instructed that he could decline to answer on the ground that his answers might tend to incriminate him. Notwithstanding these claims of constitutional immunity, and over the express objection of their counsel, three of the defendants, Dwight C. Lefferts, Wesley H. Frost, and Jos. A. Patterson, were sworn and testimony was elicited from them concerning their alleged violation of the Auto Stage and Truck Transportation Act.

The Commission deems it proper to say at this point that it recognizes the validity of defendants' right in this proceeding to refuse to testify on the grounds of self-incrimination. The inquiry herein conducted involved an alleged violation of the Auto Stage and Truck Transportation Act, which by the terms of section 8 thereof, is made a misdemeanor punishable by fine or imprisonment, or both. Said act contains no immunity provisions. The Commission therefore desires to state that for the purposes herein involved, and for all other purposes, it has wholly disregarded all the testimony given by defendants, Dwight C. Lefferts, Wesley H. Frost, and Jos. A. Patterson; that it has treated the same as if stricken from the record; and that it has based its findings and order, hereinafter set forth, solely upon the testimony and exhibits of the complainant and upon the statements and exhibit offered by counsel for defendants. In order that it may be clear upon exactly what testimony each statement of fact herein contained is based, we shall depart from our usual custom and in this opinion cite the reference in the transcript to the testimony covering such facts.

A. J. Happe, the complainant, testified (Tr. p. 46) that under certificate from this Commission, dated July 31, 1923, he was operating an automobile truck line hauling citrus fruits from the Redlands district to Los Angeles harbor points; that he had not hauled any fruits between said points for the defendant Redlands Orange Growers Association since the beginning of the present orange shipping season, to wit, since December 1, 1923; but that defendant Redlands Orange Growers Association had in fact moved its fruit from its packing house in Redlands via Valley boulevard to El Monte, thence via Clearwater to the harbor, and that he had a complete record of said movements from January 29 to April 7, 1924; that said record was obtained, partly by his own men and partly by representatives of intervener, Hodge Transportation System, by checking the equipment when it was loaded at the Redlands end and by again checking it at the harbor (Tr. pp. 47, 48, 53); that said record showed the license numbers of the trucks which transported said packed fruit and also the supposed owners of said trucks. Complainant then offered records of these checks in evidence as his Exhibits

1 and 2 and they were admitted by counsel for defendant to be a correct resume of the use of the trucks in question (Tr. p. 56).

Complainant's Exhibit No. 1 shows that during the months of February and March, 1924, certain trucks of the defendant, Frost and Frost Trucking Company, hauled packed fruit from the Redlands Orange Growers Association on forty-four (44) separate occasions, being in many instances on consecutive dates and never with more than a three-day interval between trips, and that on twenty-seven (27) separate occasions during that time a certain truck of defendant Jos. A. Patterson hauled packed fruit from the Redlands Orange Growers Association. The defendants made no denial of the fact that all these loads of packed citrus fruit went to Los Angeles harbor points, as alleged and testified to by complainant. Complainant's Exhibit No. 1 also shows that on two occasions during that period of time certain trucks of defendant Frost and Frost Trucking Company hauled paper to Redlands for defendant Redlands Orange Growers Association; nor do the defendants deny that said paper was hauled from the Los Angeles district.

Complainant's Exhibit No. 2 shows that from January 29 to March 26, 1924, loaded packed fruit was hauled from the Redlands Orange Growers Association's packing house by certain trucks of one Emil Suess on seven (7) occasions; by certain trucks of Davenport & Stutt on four (4) occasions; and by certain trucks of one Stacy on three (3) occasions.

Counsel for the defendants, declaring that he would "like to make a statement that might be helpful to clearly getting facts before the court," stated (Tr. p. 43) that the defendants had a lease or agreement, dated December 14, 1923, between M. L. Frost and W. H. Frost, copartners doing business under the name and style of Frost and Frost Trucking Company, and the Redlands Orange Growers Association. A copy of this alleged "lease" was submitted by defendants' counsel, and was received in evidence as defendants' Exhibit No. 1. Counsel for defendants then stated that Dwight C. Lefferts, the manager of the Redlands Orange Growers Association, would testify that all fruit which the Redland Orange Growers Association have moved to the harbor since December 14, 1923, was delivered to Frost and Frost Trucking Company pursuant to said lease or agreement, and that the Redlands Orange Growers Association, and not any buyer, had paid Frost and Frost for all the hauling they had done. He further stated that either of the Frosts would testify that said agreement had been lived up to (Tr. pp. 43 and 44). In short, counsel for defendants stipulated that since December 14, 1923, all packed citrus fruits of the Redlands Orange Growers Association had been hauled to the harbor by the Frost

and Frost Trucking Company pursuant to said alleged "lease" or agreement.

The Commission thus having before it an admitted transportation of property by automobile between fixed termini and over a regular route for compensation, it becomes necessary to determine whether defendants' justifications therefor, to wit, the alleged "lease" or agreement, is sufficient to take said transportation out of the operation of the Auto Stage and Truck Transportation Act.

Defendants' Exhibit No. 1 is a document termed a "lease." It is dated December 14, 1923, and is executed by M. L. Frost and W. H. Frost, copartners doing business under the name and style of "Frost and Frost Trucking Company," termed parties of the first part, and Redlands Orange Growers Association, a corporation, termed second party. Its recital clauses set forth that the association is engaged in the business of packing and marketing citrus fruits in San Bernardino County, and in such business transports considerable property, principally citrus fruits, from the ranches where grown to the packing house and thence from the packing house to the wharves at San Pedro and Wilmington. It also transports fertilizers and other farming supplies from its packing house to the ranches of its members, and wrapping paper and other supplies from Los Angeles to its packing houses. It is further recited that the Frosts are the owners of several trucks and trailers and are skilled in transporting property of the nature mentioned; that the association desiring to secure the maximum efficiency in the conduct of its business by insuring the expeditious transportation of its said property, deems it advisable to conduct and operate its own transportation system and desires to lease certain trucks and trailers owned by the Frosts and to secure their services, when desired, in the operation and care of said trucks and trailers. The instrument then purports to lease, to the association from the Frosts, four specific trucks and trailers, described by name of manufacturer and by California license number, upon certain terms and conditions until June 30, 1924. It is stated in this document that the Frosts are to give the sole and exclusive possession and use of these four trucks and trailers to the association and the Frosts agree that they shall be used by them for no other purpose than for transporting the property of the association. All repairs to the trucks and trailers are to be made at the expense of the Frosts and all oil, gas and other supplies therefor are to be furnished by them. They are fully to indemnify and protect the association from all liability for negligence in the operation of the trucks and to pay all claims arising against the association. In case of breakage or wear incapacitating any of the trucks the Frosts are to furnish other trucks, and in case the trucks specified in the agreement "shall be insufficient \* \* \* to \* \* \* transport all of the property that

second party (the association) desires to transport," the Frosts are immediately to furnish additional trucks and trailers sufficient for needs of the association, and the same are then to be deemed to be leased and held and used by the association pursuant to the terms of the agreement. In addition, the association agrees to pay the Frosts weekly the reasonable value of the use of said trucks, together with all services rendered by the Frosts, and it is provided that

\* \* \* such reasonable value shall be based upon and determined by the nature and weight of the property transported \* \* \* and the distance transported, and shall not be greater than the customary charge for similar services in the neighborhood.

The association agrees, upon the termination of the term or sooner determination of the "lease," to return all the said property to the Frosts, "damage by fire, elements *or other cause* excepted," and it is added that the association shall not be liable for depreciation or damage to said trucks from use, operation or other cause. It is of importance to note that the agreement is terminable at any time at the option of the association.

It is apparent that this instrument, when construed in connection with the explanatory remarks of counsel for defendants made at the hearing herein, bears none of the characteristic features of a true "lease." Not only does the alleged "lessee" fail to agree to indemnify the "lessor" for damage or injury to the "leased" property during the term of the "lease," but the agreement expressly repudiates any and all liability for depreciation or damage, and exacts from the "lessor" full indemnity and protection from all claims that may arise against the "lessee" in connection with its liability to others during the transportation in question. Moreover, the so-called "lessors" are to drive the trucks themselves when requested by the "lessee" or to furnish drivers therefor at their own expense, and in addition are to make all repairs and keep the property in good order and workable condition and are also to furnish all oil, gas and other supplies that may be necessary for their operation, for all of which the "lessee" is to pay to the "lessors" not a certain, definite and specified rental for the term of the agreement, but rather an amount based on the nature and weight of the property transported, and the distance transported, but not greater "than the customary charge for similar services in the same neighborhood." While consideration for a true "lease" might possibly be made dependent upon the property transported, a point which it is not necessary here to determine, it is evident that there is not sufficient certainty to the consideration here mentioned to make possible a determination at any particular time of the consideration payable for any particular period or service. The maximum consideration is made dependent upon the "usual" charges of others in the neighborhood, but no actual consideration capable of mathematical determination at any



time is mentioned in this so-called "lease." Whatever consideration might actually be paid for any particular transportation service could be arrived at only by further negotiation and agreement between the parties. The so-called "lease" can hardly be considered other than an agreement to move the association's crop.

That the parties to this instrument did not intend it to be a bona fide "lease," nor to be so considered between themselves, but rather that they intended it as a mere contract for trucking service seems further demonstrated by their effort to include within the terms of the agreement any number of additional trucks "sufficient for the needs" of the association. As defendants' counsel stated at the hearing (Tr. p. 44) "upon a few occasions their own four trucks were insufficient to move the amount of fruit that the Redlands Orange Growers had to give them and they temporarily leased and substituted other trucks that hauled a total of six loads." Again counsel stated (Tr. p. 57) "and I will offer this statement \* \* \*, upon certain occasions Frost and Frost procured additional equipment to carry out their agreement with the Redlands Orange Growers Association, and upon four occasions" the Davenport truck (Tr. p. 58) "was used in carrying out the contract between Frost and Frost and the Redlands Orange Growers Association." There can be but one logical interpretation placed upon these statements and that is that the procurement of additional equipment by Frost and Frost was not for the purpose of carrying out their agreement to "lease" four specific trucks and trailers to the Redlands Orange Growers Association but, as the instrument itself clearly indicates, to carry out their contract to move the latter's fruit crop. As counsel again states (Tr. p. 57) "It might further be said there are six, seven or eight other trucks which were leased *for a trip*, or a period of time by Frost and Frost. They do, your Honor will understand, an extensive business and lease trucks. When they have insufficient trucks to carry out or to supply the needs of the Orange Growers Association they then diverted or *subleased* them to the Orange Growers Association, pursuant to the terms of that lease, that is, these other trucks as I stated the extent of this morning." This, it appears, is the explanation of the use of the trucks of Suess, Stacy, and Davenport and Stutt. When the demands of the Redlands Orange Growers Association exceeded the capacity of the four trucks and trailers named in the so-called "lease," Frost and Frost hired additional equipment to carry out their contract to move the association's crop. Finally, although the term named in the agreement is to end on June 30, 1924, it is, by paragraph ten made determinable at any time at the option of the association.

From a careful consideration of the matters set forth above and these matters alone, and with entire disregard of the testimony elicited from

the defendants, Dwight C. Lefferts, Wesley H. Frost and Jos. A. Patterson, the Commission is of the opinion that the agreement executed December 14, 1923, by Frost and Frost Trucking Company and Redlands Orange Growers Association is not a bona fide "lease" of trucking equipment, but is in truth a mere contract between the parties for a type of trucking service falling within the provisions of the Auto Stage and Truck Transportation Act (Statutes 1917, chapter 213, as amended). No certificate of public convenience and necessity having been obtained by defendants to cover such operation, it should cease until such certificate has been granted.

The objection of defendants that the issues herein presented are not such as fall within the jurisdiction of the Railroad Commission is met by this Commission's decision in *Bolton & Bennetts vs. Olson and Rouch and Williams*, Decision No. 12700, and in *Motor Transit Co. vs. Lingo Bros.*, Decision No. 12907, wherein it was held that by the legislative mandate contained in subsections (c) and (e) of section 1 and in section 5 of the Auto Stage and Truck Transportation Act (chapter 213, Statutes of 1917, as amended) this Commission is required to take jurisdiction over the matters which are issues in such a proceeding as this and to decide such issues upon the facts as ascertained from the record.

#### ORDER.

A public hearing having been held in the above entitled proceeding and the matter having been duly submitted, the Commission being now fully advised, hereby finds as a fact that the defendants Marion L. Frost and Wesley H. Frost, a copartnership, doing business under the name and style of Frost and Frost Trucking Company, have been and now are, engaged in the operation of auto trucks over the public highway, for compensation, between fixed termini and over regular routes; that neither said copartnership nor said defendants, or either of them, has obtained from this Commission a certificate declaring that public convenience and necessity require such operation; the Commission further finds that the evidence does not show that defendants Redlands Orange Growers Association, Dwight C. Lefferts, and Jos. A. Patterson are engaged in the operation of auto trucks over the public highway, for compensation, between fixed termini and over regular routes.

And basing its conclusion upon the findings of fact and statements of the within opinion, the Commission hereby concludes that the said operation of Marion L. Frost, Wesley H. Frost and Frost and Frost Trucking Company should be discontinued pending the receiving of such a certificate as provided by chapter 213, Statutes of 1917, as amended; and to that end

*It is hereby ordered*, that the said defendants, Marion L. Frost, Wesley H. Frost, and Frost and Frost Trucking Company, be and

they are hereby directed to cease and hereafter to desist from any and all such transportation either individually or as a copartnership unless and until they shall have secured from this Commission a certificate that the public convenience and necessity require the resumption or continuance thereof; and

*It is hereby further ordered*, that the secretary of this Commission be and he is hereby directed to serve or cause to be served upon said defendants and each of them a certified copy of this decision; and

*It is hereby further ordered*, that the secretary of this Commission be and he is hereby directed to forward to the district attorneys of the counties in which such operations have been carried on, a certified copy of this decision; and

*It is hereby further ordered*, that the complaint against defendants Redlands Orange Growers Association, Dwight C. Lefferts and Jos. A. Patterson be and it is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twentieth day of August, 1924.

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DECISION No. 13947.

IN THE MATTER OF THE APPLICATION OF L. T. FLETCHER AND ELMER TREMBLE, DOING BUSINESS UNDER THE FICTITIOUS NAME OF THE SERVICE MOTOR EXPRESS, FOR AN ORDER GRANTING PERMISSION TO READJUST CERTAIN FREIGHT CLASS RATES, MINIMUM CHARGES, AND DELIVERY ZONES BETWEEN LOS ANGELES, RIVERSIDE, SAN BERNARDINO AND CERTAIN INTERMEDIATE POINTS IN THE RIVERSIDE TERRITORY, AND BETWEEN LOS ANGELES, AND VENICE, OCEAN PARK, SANTA MONICA AND INTERMEDIATE POINTS.

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Application No. 10054.

Decided August 20, 1924.

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*L. T. Fletcher* and *L. A. Monroe*, for Applicant.  
*R. D. Whithead*, for Riverside Chamber of Commerce.

BY THE COMMISSION.

**OPINION.**

This is an application filed by L. A. Monroe, agent on behalf of L. T. Fletcher and Elmer Tremble, who are engaged in the operation of an automobile truck transportation service under the fictitious name of Service Motor Express, for authority to make certain readjustments of the minimum charge and in the class rates between Los Angeles and Riverside, San Bernardino and the intermediate points, bringing about both increases and decreases.

Applicants operate two routes, that between Los Angeles and Riverside, San Bernardino and certain points in the Riverside territory, and between Los Angeles and Venice, Ocean Park, Santa Monica and intermediate points.

A public hearing was conducted by Examiner Geary at Los Angeles August 13, 1924, and the proceeding having been duly submitted is now ready for an opinion and order.

Since the filing of the original application, amendments were made thereto, viz: Amendment to Exhibit A provides for special commodity rates between Los Angeles and Riverside-San Bernardino, including pickup and delivery in zone 1 at Los Angeles, covering such commodities as meat, cheese, eggs, butter, lard, etc., by making changes in the defined store-door pickup and delivery zones at Los Angeles and by the establishment of specific minimum charges, regardless of classification, in connection with shipments weighing over 2000 pounds, but not over 6000 pounds. The changes in the delivery zone limits at Los Angeles result in substantial reductions in much of the territory, as practically all of zone 2 becomes part of zone 1, most of zone 3 is merged into zone 2 and the greater part of zone 4 becomes zone 3.

There will be no increase in any of the class rates between Los Angeles and Venice, Ocean Park, Santa Monica and the intermediate points, which means that with the delivery limits as proposed at Los Angeles material reductions will result in the charges to the ocean front communities. The increases in the charges by reason of the changed class rates between Los Angeles and San Bernardino-Riverside will be offset to a material extent by the enlarged delivery limits.

A number of exhibits were introduced dealing with the rates of competing companies, the revenue and expenses during the first seven months of the year 1924, the effect of the four per cent tax upon net revenue, and the additional gross revenue applicant estimated would accrue by reason of the readjustment of the class rates, particularly in the territory between Los Angeles and Riverside-San Bernardino.

It was shown by exhibits and testimony that the proposed rates would in practically every instance still be lower than the rates now in effect via the competing rail and automobile transportation companies. The financial exhibit for the first seven months of 1924 showed that after payment of taxes there was an operating loss of \$879.29. A check of the freight charges for three days in the month of March and two days in the month of August, comparing the revenue under the present rates with that which would accrue under the proposed rates, showed an increase of 3.64 per cent.

Upon request of the Commission copy of notice of the hearing was mailed by applicant to approximately one hundred of its principal

patrons, but notwithstanding this personal notification not a single shipper appeared to protest the rate changes.

The applicant stated the adjustment had been discussed with certain shippers and that no opposition had been encountered.

Applicants employ in the business twelve automobile trucks and five trailers, having an estimated total value of \$35,000.

After giving consideration to all of the exhibits and the testimony and reviewing the annual reports for the past two years, we are of the opinion and find that the present rates do not produce sufficient revenue to permit applicants to continue a proper and satisfactory service and that the proposed class rates, minimum charges and changed delivery limits, which bring about both increases and decreases, as set forth in the exhibits attached to and made part of the application, are justified and that the application should be granted.

In order that the Commission may be advised of the effect of the new rates, applicants will file within fifteen (15) days after the first of each month, for a period of six (6) months, a statement for the preceding month, setting forth in detail the total revenue received, total operating expenses and the net operating revenue, segregated in accordance with the Commission's system of accounting.

The proceeding will be kept open for a supplemental order should the actual results obtained under the new rates make such action necessary.

#### ORDER.

L. T. Fletcher and Elmer Tremble, operating under the fictitious name of the Service Motor Express, having filed an application with this Commission for authority to establish a new schedule of freight class rates, minimum charges, and new delivery zones in connection with their automobile truck freight service, operating between Los Angeles and Riverside, San Bernardino and certain intermediate points in the Riverside territory, and between Los Angeles and Venice, Ocean Park, Santa Monica and the intermediate points, and a regular hearing having been held;

*It is hereby ordered*, that L. T. Fletcher and Elmer Tremble (Service Motor Express) be and they are hereby authorized to publish and file, in a tariff to become effective within twenty (20) days from the date of this order, and thereafter to charge the class rates, the minimum charges, and apply the delivery zones as set forth in the exhibits attached to and made part of the application.

*It is hereby further ordered*, that the applicants submit to the Commission on or before the fifteenth day of each month, for a period of six months, a statement showing in detail the total revenue, total operating expenses, and the net operating revenue, segregated in accordance with the Commission's system of accounting.

*It is hereby further ordered*, that this proceeding be held open for a supplemental order should the Commission deem further action necessary.

Dated at San Francisco, California, this twentieth day of August, 1924.

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DECISION No. 13950.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO ISSUE AND SELL TO THE NATIONAL CITY COMPANY (A NEW YORK CORPORATION) TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS FACE AMOUNT OF APPLICANT'S FIRST AND REFUNDING MORTGAGE GOLD BONDS OF SERIES "C."

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Application No. 10409.

Decided August 23, 1924.

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*C. P. Cutten*, for Applicant.

BRUNDIGE, *Commissioner*.

OPINION.

Pacific Gas and Electric Company asks permission to issue and sell at 94½ per cent of face value and accrued interest \$12,500,000 of first and refunding mortgage Series "C" 5½ per cent bonds due December 1, 1952, for the purpose of paying the cost of extensions, additions, betterments and improvements to its facilities and the facilities of Mount Shasta Power Corporation described in applicant's Exhibit No. 2.

In such exhibit applicant, as of April 30, 1924, reports \$27,280,293.77 of actual or estimated construction expenditures for the payment of which no provision was made. Since then the Commission has authorized applicant to issue \$10,000,000 of common stock (Decision No. 13750, dated July 1, 1924, Application No. 10182 and Decision No. 13910, dated August 12, 1924, Application No. 10361). Of such stock the record shows that approximately \$7,200,000 has been sold at \$93 per share. Under the Commission's decision the remainder of the stock may be sold for not less than \$93 per share.

As of June 30, 1924, applicant and its subsidiary companies report \$141,461,100 of bonds outstanding in the hands of the public. As of the same date applicant reports \$90,095,243.58 of stock owned or subscribed for by the general public. This amount consists of \$54,464,411.91 of 6 per cent preferred stocks and \$35,630,831.67 of common stock.

It is of record that the proceeds which the company will realize from the sale of the bonds which it now asks permission to issue, together with the proceeds which it realized or will realize from the sale of the common stock which the Commission heretofore has authorized to be

issued, will enable the company to finance its construction program for a period of about seven months.

I hereby submit the following form of order:

**ORDER.**

Pacific Gas and Electric Company, having applied to the Railroad Commission for permission to issue and sell \$12,500,000 of its first and refunding mortgage Series "C" 5½ per cent bonds, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for the purposes herein specified and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that the Pacific Gas and Electric Company be and it is hereby authorized to issue and sell on or before November 1, 1924, at 94½ per cent of their face value and accrued interest, \$12,500,000 of its 5½ per cent first and refunding mortgage Series "C" gold bonds due December 1, 1952, and use the proceeds, other than the accrued interest, to pay in part such cost of the additions and betterments to its properties and those of Mount Shasta Power Corporation described in applicant's Exhibit No. 2, as is properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Commission and has not been financed through the issue of stocks or bonds heretofore authorized by the Commission. The accrued interest may be used for general corporate purposes.

*It is hereby further ordered*, that the authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$6,125.

*It is hereby further ordered*, that the Pacific Gas and Electric Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

The foregoing opinion and order is approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of August, 1924.

## DECISION No. 13952.

IN THE MATTER OF THE APPLICATION OF MRS. STANTON BAKER  
FOR PERMISSION TO SELL, AND ROY WILBUR TO PURCHASE,  
THE CAMARILLO WATER SUPPLY.

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Application No. 9965.

Decided August 23, 1924.

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*Mrs. Stanton Baker, in propria persona.*

*Roy Wilbur, in propria persona.*

BY THE COMMISSION.

**OPINION.**

In this application Mrs. Stanton Baker asks permission to sell and Roy Wilbur asks permission to purchase a public utility water system commonly known as the Camarillo Water System, which supplies water to thirty-three consumers in and in the vicinity of Camarillo, Ventura County.

A public hearing in this matter was held at Camarillo before Examiner Williams, after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony indicates that Mrs. Stanton Baker has been unable to finance necessary improvements and can not continue the operation of the water system. Roy Wilbur, who operates a plumbing and general machine shop at Camarillo, desires to assume the obligation of the utility business of Mrs. Baker and to purchase for \$2,200 the water distribution system and to lease for a period of ten years at \$5 per year the real property upon which the well and tank are located. The purchase price is to be paid at the rate of \$25 per month with interest at 8 per cent on deferred payments. The agreement attached to the application is not clear in regard to the lease of the real property and does not convey the understanding of applicants. They have, therefore, entered into a supplemental agreement which has been filed with the Commission and is such as to fully protect consumers and clearly defines the rights of each party thereto. The agreement for the purchase and sale of the property constitutes an evidence of indebtedness.

No one appeared to protest the granting of the application and it is evident that the interests of consumers will be best served if the application be granted.

**ORDER.**

Mrs. Stanton Baker (also known as Mary E. Baker) having made application for authority to transfer to Roy Wilbur a certain water system in and in the vicinity of Camarillo, Ventura County, more particularly described in the application herein, and Roy Wilbur having joined in the application, a public hearing having been held thereon and the matter having been submitted;



*It is hereby ordered*, that the above entitled application be and the same is hereby granted upon the following conditions:

1. The consideration given for the transfer of this utility water system shall not be urged before this Commission or any other public body as a finding of value of the property for rate fixing or for any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply only to such transfer as shall have been made on or before October 31, 1924, and a certified copy of the instrument of conveyance shall be filed with this Commission by Mrs. Stanton Baker within thirty (30) days from the date on which it is executed.

3. Within ten (10) days from the date on which Mrs. Stanton Baker actually relinquishes control and possession of the property herein authorized to be sold, she shall file with this Commission a certified statement indicating the date upon which such control and possession was relinquished.

*It is hereby further ordered*, that the authority herein granted will become effective when Roy Wilbur has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is twenty-five (25) dollars.

Dated at San Francisco, California, this twenty-third day of August, 1924.

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DECISION No. 13954.

IN THE MATTER OF THE APPLICATION OF SOUTH SHORE PORT  
COMPANY FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK.

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Application No. 10203.

Decided August 23, 1924.

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*O. E. South* and *O. W. Whaley*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application South Shore Port Company asks permission to issue and sell, at not less than \$80 a share net, 637 shares of its common capital stock of the aggregate par value of \$63,700 and to use the proceeds for the purpose of increasing its equipment by the addition of trucks, wharf extensions and boat capacity.

South Shore Port Company is engaged in the business of transporting freight by motor boat and by trucks between the San Francisco water front and points in the Santa Clara Valley. It appears that the company first operated only the boat service to Port South Shore in Santa Clara County. Subsequently, by Decision No. 13189, dated February 20, 1924, it acquired from J. J. Hubert the operative right

to transport freight by auto stages between Port South Shore and Palo Alto, Mayfield, Mountain View, Sunnyvale, Santa Clara, San Jose, Cupertino, Saratoga, Los Gatos, Campbell, Alviso, Coyote, Morgan Hill, San Martin and Gilroy over all roads and highways and for a distance of two miles, on either side of roads and highways traversed in reaching such communities.

It is reported that applicant is using in its operations two 2-ton Ford trucks and one 4-ton Garford truck and one motor boat, ninety feet in length and twenty-four feet wide and equipped with a Diesel engine. It appears, however, from the application and from testimony herein, that the increasing volume of business necessitates the purchase of additional equipment. For this reason the company has had its boat lengthened twenty-four feet at a cost of \$7,000 and is planning to acquire two additional Garford trucks at a total estimated cost of \$11,000.

To obtain the money needed for the cost of these additional facilities and to pay indebtedness of \$38,500, which is said to have been incurred in the construction and acquisition of property and equipment now owned by the company, this application has been filed. While permission is asked to sell the \$63,700 of stock at 80 net, it is of record in this proceeding that applicant's board of directors have passed a resolution to sell no stock at less than 90 net to the company. The order herein will therefore authorize the sale of the stock at not less than 90 per cent of par value net to the company.

#### ORDER.

South Shore Port Company, having applied to the Railroad Commission for permission to issue and sell \$63,700 of its common capital stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that South Shore Port Company be and it is hereby authorized to issue and sell on or before June 30, 1925, at not less than 90 per cent of par value net to the company, \$63,700 of its common capital stock.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use approximately \$18,000 of the proceeds to be received from the sale of the stock to finance the cost of the additional truck and boat facilities referred to in the foregoing opinion, and not exceeding \$38,500 to pay outstanding indebtedness which has been

incurred in the construction and acquisition of property and equipment.

2. The remainder of the net proceeds and such portion of the \$56,500 of proceeds not needed for the purposes specified in condition No. 1, may be used only for such purposes as may be indicated in supplemental orders.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twenty-third day of August, 1924.

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DECISION No. 13962.

IN THE MATTER OF THE APPLICATION OF RUSSIAN RIVER WATER COMPANY FOR AUTHORITY TO AMEND METER RATES AS THEY APPLY TO USE IN EXCESS OF QUANTITY ALLOWED UNDER MINIMUM ANNUAL CHARGE.

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Application No. 9925.

Decided August 25, 1924.

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*A. F. Lemberger*, for Applicant.

*G. C. Faulkner*, for Rio Nido Improvement Association.

*Cecil Raymond*, for Villa Grande Improvement Association.

*L. E. Kingsley*, for Monte Rio Volunteer Fire Department and Improvement Association.

*E. Johnson*, for Guerneville Improvement Association.

BY THE COMMISSION.

**OPINION.**

Russian River Water Company is a public utility corporation supplying water to consumers located in the territory extending from Rio Nido to Monte Rio along the Russian River.

In this application the company alleges in effect that the revenues received from the sale of water during the past three years have been sufficient to yield a return upon the investment in the property of only 3.2 per cent in 1921; 2.1 per cent in 1922 and 4.2 per cent in 1923. The Commission is therefore asked to authorize the establishment of a rate for metered service of thirty cents per 100 cubic feet for all water used in excess of the initial amount allowed under the minimum monthly charges, or such rate as the Commission may deem reasonable.

Public hearings in this proceeding were held before Examiner Satterwhite at Guerneville after due notice thereof had been given so that all interested parties might appear and be heard.

The present meter rate schedules of this utility, which are the schedules involved in the present proceeding, are as follows:

**SCHEDULE A.**

*Meter Rates.*

Minimum annual charge, payable in advance, which entitles consumer to 400 cubic feet of water per month for four months-----	\$14 00
For use during other months, 400 cubic feet or less, per month-----	1 00
Next 3000 cubic feet, per month, per 100 cubic feet-----	20
Over 4000 cubic feet, per 100 cubic feet-----	15

**SCHEDULE C.**

*Meter Rates.*

This schedule applies to summer resorts operating hotels with cottages or tents in connection therewith, or collections of cottages and tents, and provides for minimum annual charges in varying amounts, depending upon the size of meter installed on the service. Each minimum charge entitles the consumer to monthly use of water ranging from 400 to 4000 cubic feet.

For use in excess of the minimum quantity allowed, the charge is 20 cents per 100 cubic feet for consumption up to 4000 cubic feet and 15 cents per 100 cubic feet for use in excess of 4000 cubic feet.

This utility has appeared before the Commission in a number of proceedings and the decisions in these matters have described the system and the methods employed in its operation so completely that further comment is unnecessary. It should be borne in mind however that the service rendered by this utility is to a summer resort territory requiring the installation of extensive and costly facilities which are used to capacity during only a few weeks in each year. Owing to the very heavy demands made upon the system on holidays it has been necessary to install pipes, storage tanks and pumping machinery of much greater capacity than would be required for a plant which supplies the same quantity of water during the year but which is enabled to distribute the load more evenly over the twelve months. These peak demands upon the system come at a time when streams and springs furnish the least water.

Applicant claims that the investment in the plant on December 31, 1923, was \$133,941; that maintenance and operating expense during the year amounted to \$9,858; that depreciation as charged was \$3,896; and that operating revenues were \$18,549. These figures indicate that the amount available for return was \$4,795 and is equivalent to a return of 3.58 per cent upon the investment claimed by the utility.

At the hearing John Spencer, one of the Commission's hydraulic engineers, presented a report, based upon a thorough investigation of the property and methods of operation, which showed an estimate of reasonable original cost of the used and useful property on December 31, 1923, amounting to \$124,762. Depreciation annuity, computed by the sinking fund method at 6 per cent, was shown to be \$1,800, and an

estimate of reasonable maintenance and operation expense for the immediate future was given as \$9,078. This report was not questioned at the hearing by either the utility or the consumers. Based upon operating revenues of \$18,549 for the year 1923 the foregoing figures indicate a return of 6.15 per cent upon an investment of \$124,762.

In a brief filed by applicant it was contended that the allowances for maintenance and operation expense and depreciation annuity as recommended by the Commission's engineer were too low and should be increased if the utility is to continue to render adequate service. It was claimed that the life of many of the facilities is limited and that the increasing demands upon the system are such as to require the enlargement and replacement of these facilities before they have been worn out in the service of the public. It was also claimed that the allowance for pumping expense would not be sufficient to provide for costs which will be incurred in 1924 and future years. The amount assigned for taxes, legal expense and insurance was also questioned. Additions to capital from January 1 to July 15, 1924, were claimed to have cost \$14,000. Applicant also contends that its operating expense is increasing much faster than its revenues.

A brief filed on behalf of Rio Nido Improvement Club and consumers at Russian River Heights and Guerneville asserts that the business and revenues of the utility are increasing rapidly and that the increase in rates desired by the utility, if granted, would result in a return greatly in excess of 10 per cent upon the reasonable investment in the property.

Careful consideration has been given to all material facts relating to this utility's investment, to the conditions under which it operates and furnishes the water supply to consumers, and to the probable increases in both expenses and revenues, and the conclusion has been reached that some increase in the rate for water used in excess of the amounts used under the minimum charges is justified in order that the cost of producing and delivering the supply may be more equitably distributed among the consumers.

The rates set out in the accompanying order will provide that the minimum charges for four months' and twelve months' service shall remain unchanged but that the rates for service rendered in excess of the amounts of water allowed each month under these minimum charges shall be increased.

#### ORDER.

Russian River Water Company, a corporation, having made application for an increase in rates for service rendered to consumers, public hearings having been held thereon, briefs having been filed, the matter having been submitted, and the Commission being now fully informed in the matter:

It is hereby found as a fact that the rates now charged by Russian River Water Company, a corporation, for water delivered to consumers, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Russian River Water Company, a corporation, be and the same is hereby authorized to file with this Commission, on or before August 30, 1924, the following changes in its rate schedule, effective for all water delivered to consumers subsequent to August 31, 1924:

**SCHEDULE A.**

*Meter Rates.*

For all water use in excess of 400 cubic feet per month, per 100 cubic feet--- \$0 25

**SCHEDULE C.**

*Resort Rates.*

For all water use per month in excess of the quantities allowed for the minimum charges established for various sizes of meters and up to 5000 cubic feet per month, per 100 cubic feet-----	25
Over 5000 cubic feet, per 100 cubic feet-----	20

The effective date of this order is hereby fixed as August 30, 1924.

Dated at San Francisco, California, this twenty-fifth day of August, 1924.

**DECISION No. 13963.**

**IN THE MATTER OF THE APPLICATION OF SUTTER-BUTTE CANAL COMPANY, A CORPORATION, FOR AN INCREASE IN RATES.**

**Application No. 9478.**

**Decided August 27, 1924.**

**RATES—WATER UTILITY—SURCHARGE.**—The Commission finds that the utility is entitled to remuneration for emergency pumping necessary to save the rice crop of its consumers, but provides only for a surcharge to cover the balance of the season. The Commission calls attention to the fact that the entire rate structure of the utility will be reviewed in a proceeding to be instituted by the Commission on its own motion.

*Devlin and Brookman, by Douglas Brookman, and Isaac Frohman and Henry Ingram, for Applicant.*

*George F. Jones, for Butte County Water Users Association.*

*J. J. Deuel and L. S. Wing, for California Farm Bureau Federation.*

*W. D. Copperroll, for Butte County Farm Bureau.*

**WHITTLESEY, Commissioner.**

**OPINION ON REHEARING OF SUPPLEMENTAL PETITION.**

This Commission on July 11, 1924, rendered its Decision No. 13799 on the supplemental petition of Sutter-Butte Canal Company filed

June 20, 1920, in the above entitled proceeding, and therein the applicant, Sutter-Butte Canal Company, was granted a schedule of emergency increased rates. A petition for rehearing of said supplemental petition was filed on July 24, 1924, by the Butte County Water Users Association, protestants, which was granted by the Commission in an order dated July 26, 1924. The rehearing was held at Gridley on August 5, 1924, after all interested parties had been duly notified. At the hearing additional and supplemental evidence was submitted by both applicant and protestants in support of their contention regarding the matters involved.

It is alleged, in effect, in protestant's petition for rehearing and request for another and different order of the Commission, that said Decision and Order No. 13799 is discriminatory and illegal, in that the spread of the emergency increased rates to the various classes of consumers, to yield the necessary increase in revenue, is inequitable since an undue burden of the charge is placed on the rice acreage irrigated as against other crops irrigated, and further, in that there was included in the total set out as the increased revenue to be produced by the rate increase a sum of \$25,879, found to be the loss in revenue occasioned by the discontinuance of service to approximately 4000 acres, due to the water shortage this season.

Upon this latter point, it appears from the additional evidence adduced at the rehearing, that the remaining consumers on the system should not be required to reimburse the company for loss of revenue resulting from a shortage of water which necessitated that approximately 4000 acres of rice land be laid off this year. This is not a general rate case, nor is the Commission trying to determine at this time a complete schedule of rates which would be sufficient to cover normal operating expenses and a fair return upon the investment of this company. Hence, the question of the total gross income or acreage irrigated should not enter into the determination of the emergency rate, which should and will be based upon the excess cost of pumping, as set out hereafter, and estimated as accurately as possible from all data available.

Upon the question of emergency pumping, the rehearing also brought out additional evidence showing that the cost thereof, for the season, would more closely approximate the sum of \$49,923 than the previously submitted estimate of \$40,037. Applicant states that there will be an additional expense covering net loss on equipment purchased for this emergency pumping, which will be sold at the conclusion of the season. It appears that this latter item may amount to as much as \$2,000.

Taking into consideration all of the testimony, and after a careful analysis of the detailed estimate submitted, it appears that the total cost of emergency pumping this season will be approximately \$52,000.

A careful review of the entire situation here involved forces the Commission to the conclusion that, under the circumstances, the consumers should properly be required to pay the cost of emergency pumping. The installation of the emergency pumps was undertaken by the company entirely for the benefit of its consumers; it enabled the company to provide the rice area with the required undiminished supply of water, while a reduction to 80 per cent of normal has been made to all other consumers. By so doing, the company prevented loss of a part of the rice crops, and thereby saved its consumers in the rice area many times the expenditures incurred to cover such emergency pumping. Equity dictates that those who have reaped the benefit should also bear their proportionate share of the burden, consequently it appears right and equitable that the rice area should pay the excess cost of the emergency pumping.

To provide a sum to cover such emergency pumping during the remainder of this season, a surcharge of 70 cents per acre on all rice lands supplied with water by the Sutter-Butte Canal Company this season, will be allowed by the Commission in this order.

While this order will deal only with this surcharge to be added for the remainder of the present season, it should be recalled that the general question of the rates of the Sutter-Butte Canal Company has been under consideration by this Commission for some time, in this very proceeding, which was reopened on June 20, 1924, for the purpose of considering the matters contained in applicant's supplemental petition filed that day. The additional testimony adduced at the two hearings upon the supplemental application must be considered in connection with the general rate case. We are of the opinion that that case must be reopened for further hearing and decision, and, believing that the complete rate structure and service conditions upon this system should be reexamined at this time, we are by order of this date instituting a general investigation upon the Commission's own motion into the rates, schedules and conditions of service of the Sutter-Butte Canal Company. These matters we propose to consolidate for hearing and decision.

I submit the following form of order:

#### ORDER.

WHEREAS, Sutter-Butte Canal Company has applied by supplemental application herein for authority to collect emergency excess rates for the season of 1924, public hearing having been held and the matter having been submitted for decision:

It is hereby found as a fact that the existing rates, so far as they apply to water supply for the irrigation of rice for the remainder of this season, are unjust and unreasonable; and



*It is therefore hereby ordered*, upon the matter of the supplemental application that a surcharge of 70 cents per acre, in addition to the existing rates, be paid by all consumers supplied with water for rice cultivation this year.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California. This order shall become effective immediately.

Dated at San Francisco, California, this twenty-seventh day of August, 1924.

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DECISION No. 13965.

IN THE MATTER OF THE APPLICATION OF BAKERSFIELD AND KERN  
ELECTRIC RAILWAY COMPANY, A CALIFORNIA CORPORATION,  
FOR AN INVESTIGATION OF ITS CHARGES AND SERVICE.

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Application No. 9550.

Decided August 27, 1924.

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RATES—ELECTRIC RAILWAY—WEEKLY PASS.—The Commission having found that the utility can not expect under present conditions to earn a full return upon the property devoted to the public use, in addition to maintenance and operating charges, taxes and depreciation, authorizes adoption of the weekly pass, good for an unlimited number of rides during the seven-day period for which it is sold, and costing the holder \$1. Sale of seven-ride tickets for 50 cents, and the increase of the cash fare from 5 cents to 10 cents also authorized. Modification of the utility's franchises to eliminate franchise tax and street maintenance along tracks also recommended.

*Murray Bourne*, for Applicant.

*E. F. Brittan*, City Attorney, for City of Bakersfield.

*Charles K. Bodger*, for East Bakersfield Boosters Club.

WHITTLESEY, *Commissioner*.

OPINION.

In the above entitled application Bakersfield and Kern Electric Railway Company requests the Commission:

(a) To make further investigation of applicant's service, facilities and methods of carrying on its business.

(b) To grant to applicant the right to file a new and revised schedule of rates and of service sufficient to produce a fair rate of return on the value of applicant's property used in public service.

(c) To grant applicant such further, different or additional relief as shall seem proper in the premises.

In this application it is alleged in effect that the revenue received through the operation of applicant's street railway system under the existing cash fare of 5 cents does not now, nor has it for several years, paid operating expenses, taxes, depreciation charges and a fair interest return on the property devoted to public use.

A public hearing was held on this matter in Bakersfield, May 15, 1924.

On October 5, 1921, applicant herein filed its Application No. 7230 with the Commission, seeking practically the same relief as asked for in the application now under consideration. The Commission made an investigation in connection with Application No. 7230 and a public hearing was held, whereupon an order was issued by the Commission's Decision No. 11264, dated November 23, 1922. In this decision, the Commission expressed the opinion that if applicant would establish "one man operation of cars" and "omit the first and last single trip" the revenue received would then pay operating expenses, depreciation and a fair interest return upon the property devoted to public use. Thereupon Application No. 7230 referred to above was dismissed without prejudice.

Applicant immediately put into effect the suggestions contained in the Commission's decision referred to above. The result has been that the operating expenses decreased as anticipated by the Commission, but, due to the depression in the oil business and other industries around Bakersfield, and the increased use of the automobile, the revenues unexpectedly decreased. As a result, applicant's net operating revenue has decreased from \$138,452 in 1921 to \$124,000 in 1922 and to \$105,042 in 1923.

Bakersfield and Kern Electric Railway Company operates some 10.66 miles of single track electric railroad, of which 4.52 miles are double tracked, in addition to three bus lines which extend a total distance of approximately 2.9 miles beyond the ends of the electric lines.

The operating conditions of applicant's street car system is shown in the following tabulation taken from applicant's Exhibit No. 2 and Commission's Exhibit No. 1:

	1922		1923	
	Applicant's Exhibit No. 2	Commission's Exhibit No. 1	Applicant's Exhibit No. 2	Commission's Exhibit No. 1
Historical reproduction cost of operating properties .....	\$567,256	\$568,314	\$575,864	\$574,422
Total operating revenue .....	123,898	124,000	105,042	105,042
Total operating expense, including taxes and depreciation .....	114,125	114,275	97,946	98,518
Net earnings available for return .....	9,773	9,725	7,096	6,524
Rate of return on investment (per cent) ..	1.723	1.711	1.232	1.136

The slight difference in the valuation shown by applicant's exhibit as compared to that of the Commission is due to different consideration of open accounts on the utility's books. Both applicant's and Commission's valuation is based on the Commission's engineer's estimate of historical reproduction cost of applicant's operating properties as of June 30, 1922, as shown in the Commission's Exhibit No. 1 in Application No. 7230 referred to above, plus additions and betterments.

Commission's Exhibit No. 1 in this proceeding shows applicant's capital investment in operative property as of December 31, 1923, to be \$580,529 and as of March 1, 1924, as \$580,589.

The following tabulation from Commission's Exhibit No. 1 shows the operating conditions of the Bakersfield and Kern Electric Railway System during the past five years:

	1919	1920	1921	1922	1923
Operating revenue, passenger cars -----	\$103,698	\$119,018	\$121,734	\$108,887	\$91,535
Operating revenue, auto busses -----	13,320	14,908	16,718	15,113	13,507
Total operating revenue	\$117,028	\$113,926	\$138,452	\$124,000	\$105,042
Operating expenses, street cars -----	\$46,602	\$58,530	\$59,646	\$62,845	\$53,589
Operating expenses, auto busses -----	26,435	27,841	31,047	29,181	22,065
Taxes -----	7,457	8,197	10,548	10,323	9,010
Depreciation -----	15,148	13,517	15,144	11,925	13,854
Total expenses -----	\$95,642	\$108,085	\$116,385	\$114,275	\$98,518
Car mileage, street cars----	\$383,173	\$384,240	\$383,405	\$383,104	\$364,934
Car mileage, auto busses----	185,259	173,153	167,974	157,307	141,835
Total car mileage-----	\$568,432	\$557,393	\$551,379	\$540,411	\$506,769
Revenue passengers, street cars -----	\$2,023,166	\$2,331,760	\$2,438,326	\$2,176,924	\$1,829,455
Revenue, passenger auto busses -----	261,873	293,026	349,250	315,860	280,885
Total revenue -----	\$2,285,039	\$2,624,786	\$2,777,576	\$2,492,774	\$2,110,340

Considering the bus lines of Bakersfield and Kern Electric Railway by themselves, the revenue collected thereon during the past two years does not pay the operating expenses, as may be seen by the following tabulation:

	<i>Bus line.</i>					
	Baker street	Niles street	West park			
	1922	1923	1922	1923	1922	1923
Passenger receipts -----	\$3,872	\$3,330	\$6,692	\$6,145	\$4,557	\$4,033
Total operating expense-----	7,763	5,830	10,407	7,427	7,524	6,959
Net revenue (deficit) -----	\$3,891	\$2,500	\$3,715	\$1,282	\$2,967	\$2,926

The above statement shows the loss incurred by the operation of the through bus lines. Crediting them with only the cash receipts collected on the busses naturally shows a large deficit, but without the busses the receipts on the electric cars would certainly be less and some portion of those receipts should be credited to the bus lines. However, it is not practical to segregate the receipts and operating expenses of any part of this street car system so as to show correctly the net result of operating such a part, although it is probable that the busses do operate at some loss. It is doubtful if the elimination of these bus feeders would prove advantageous to the company, and it would certainly incon-

venience many persons now using them. It is the desire of the Bakersfield and Kern Electric Railway Company, as well as this Commission, to keep the system intact as it now exists if it is economically possible to do so.

From the foregoing, it is apparent that applicant is reasonably entitled to immediate relief in the way of increasing its net revenue. This increase may be brought about by decreasing the operating expenses or increasing the gross revenue, or a combination of both. The operating expenses may be classified as those over which applicant has control and those over which it has no control.

With respect to decreasing the operating expenses over which the company has control, the Commission, in its former decision, made certain recommendations in this respect, which have been carried out by the company. The evidence now before this Commission definitely leads to the conclusion that the management of the utility has introduced every reasonable economy in the management of its street car system, including the one-man car operation, and it now appears that applicant is operating its system as economically as it reasonably can under the conditions prevailing and maintain the present service. Therefore, very little, if any, relief may be expected from further reductions in operating expenses under the control of the company.

As to reducing the operating expenses over which the company has no control a very important item to be considered is that of taxes. Applicant is required to pay the following taxes: State tax of  $5\frac{1}{4}$  per cent of the gross revenue; county tax on nonoperative property; capital stock tax, which is a federal tax of \$1 per \$1,000 on the net surplus balance of the company after deduction of \$5,000 exemption; federal income tax, which previous to 1922 was 10 per cent and subsequently  $12\frac{1}{2}$  per cent of the net income after deduction of bond and other interest; and a franchise tax to the city of Bakersfield. Applicant's total taxes during the past five years, which amounted to approximately 7.6 per cent of the gross receipts, have been as follows: 1919, \$7,457; 1920, \$8,197; 1921, \$10,548; 1922, \$10,323; 1923, \$9,010.

By the terms of the franchise, applicant is required to pay the city of Bakersfield 2 per cent of the gross earnings on certain franchises, 3 per cent on others, and in some cases no taxes at all. During the fiscal year ending May 31, 1923, the franchise tax amounted to 1.66 per cent of the gross operating revenue, or 29.87 per cent of the net revenue from the railway operation of the company. The franchise tax during the past five years has been as follows: 1919, \$1,660; 1920, \$2,042; 1921, \$2,264; 1922, \$2,135; 1923, \$1,949.

Although there is no way to eliminate the various state and federal taxes as long as the property is privately owned, it may lie within the power of the city of Bakersfield to eliminate the city franchise tax.

The franchises also provide that, in addition to the franchise tax, applicant is required to pay the cost of installing and maintaining a portion of the pavement on the streets where its tracks are installed. In the past, the maintenance charge in keeping up the pavement has amounted to only a small percentage of applicant's operating expenses. It is very evident, however, that if applicant is required to live up to the terms of its franchise with respect to maintaining a portion of the paved streets, it will have to pay a considerable sum of money in the near future to maintain and replace pavements which will soon need attention. If the city of Bakersfield could, under the conditions, relieve applicant of paying the franchise tax and maintaining the pavement along the streets in which its tracks are laid, as required by the terms of the franchises, it would undoubtedly have a good effect upon future service and future rates.

While a modification in the city franchises, which would relieve the company of all or a portion of the expenses referred to above, would have a material effect upon improving the present unremunerative conditions under which applicant is operating, this relief, however, would not in itself entirely adjust the present situation. Therefore, applicant is reasonably entitled to further relief in the way of an increase of its rates. Such increase, however, must be in keeping with what the service is reasonably worth to the utility patrons. If the rate is set unreasonably high, it will have the effect of driving business away from the company and thereby decrease rather than increase the business. From the information at hand, it appears that applicant can not at this time expect to receive a revenue that will pay maintenance and operation charges, taxes, depreciation, and full interest return upon the property devoted to public use.

The weekly pass form of fare is now becoming quite prevalent. There are over thirty-five cities in the United States where the weekly pass is in effect, and from reports it is in most cases giving satisfactory results. It has been found that this form of fare materially increases the operating revenue of street car systems where it has been put into effect without any material increase in operating expenses, and at the same time offers a reasonable rate for transportation to the frequent rider. The general practice is to permit the holder unlimited use, the pass being transferable. The holder of a weekly pass very often brings along a cash fare rider who would not otherwise patronize the street cars. Also, the weekly pass form of fare tends to increase the amount of riders throughout the day, while it does not materially increase the peak loads, as only one can use the pass at one time, thereby not materially increasing the operating expenses. Under the present conditions, there are very few people riding the street cars except during the peak hours. The prevailing charge for the weekly pass is \$1 per week for systems

with a single zone, which are more or less comparable to that of applicant. Small changes in the rate for the weekly pass can be readily adjusted by the Commission to meet prevailing conditions, without seriously affecting the patrons.

After due consideration of all the evidence now before this Commission, it is recommended that applicant put into effect for the benefit of regular patrons the weekly pass form of fare to be sold for \$1 per week, with the expectation that this will result in a greater use of the facilities afforded by the company and develop the riding habit in this community; to provide for the less regular patrons, sell seven tickets or tokens for 50 cents; and, for the occasional rider, collect a cash fare of 10 cents. The present special car rates should remain in effect. Under the provisions of section 17 of the Public Utilities Act, common carriers have authority to issue reduced rate transportation to their own employees and members of their families, and to school children attending institutions of learning. Therefore, no authority is necessary from this Commission to adjust such reduced rates.

The following form of order is recommended:

#### ORDER.

Bakersfield and Kern Electric Railway Company having filed the above entitled application with this Commission, a public hearing having been held, the matter having been submitted and being now ready for decision:

It is hereby found as a fact that the rates of fare now charged by Bakersfield and Kern Electric Railway Company for the service it renders are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service, and basing its order on the foregoing finding of fact and on other statements of fact contained in the opinion which precedes this order;

*It is hereby ordered*, that Bakersfield and Kern Electric Railway Company be and it is hereby authorized to establish within twenty (20) days from the date of this order, the following rate schedule:

Weekly passes good over the entire system, transferable, with unlimited use to holder during the calendar week for which issued.....	\$1 00
Tickets or tokens good until used for seven continuous rides, with transfer privilege over the entire system, including the bus lines.....	50
One continuous single trip between any two points on entire system, including bus line .....	10

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of August, 1924.

## DECISION No. 13969.

IN THE MATTER OF THE APPLICATION OF SACRAMENTO GAS COMPANY, A CORPORATION, FOR PERMISSION TO SELL BONDS OF THE PAR VALUE OF TWO HUNDRED TWENTY-FIVE THOUSAND DOLLARS OF ITS BOND ISSUE FOR ONE MILLION FIVE HUNDRED THOUSAND DOLLARS DATED OCTOBER 1, 1915.

Application No. 10341.

Decided August 27, 1924.

*Derlin and Derlin*, by *A. I. Diepenbrock*, for Applicant.

BY THE COMMISSION.

## OPINION.

In this application, Sacramento Gas Company asks permission to issue and sell at not less than 92 per cent of face value, \$225,000 of its first mortgage 6 per cent serial bonds for the purpose of reimbursing its treasury and of financing the cost of additions, extensions and improvements to its gas plants and systems.

Sacramento Gas Company is engaged in the business of manufacturing, producing and distributing gas for lighting and heating purposes in the cities of Sacramento and Lodi. The company reports its gross revenues for the year ending December 31, 1922, as \$244,944; for the year ending December 31, 1923, as \$235,495.03; and for the six months ending June 30, 1924, as \$120,590.08. After paying operating expenses, including taxes and depreciation, it reports gross corporate income of \$51,244.92, \$55,222.92 and \$27,462.84, respectively. After interest and other fixed charges there was reported available for dividends \$26,851.90 for the year 1922; \$30,683.60 for the year 1923; and \$15,730.34 for the first six months of 1924. According to the application, dividends have been paid on the outstanding stock during the last five years at the rate of 6 per cent per annum.

It appears that the company has an authorized capital stock of \$500,000 divided into 10,000 shares of the par value of \$50 each, all common, of which there is now outstanding 8582 shares of the aggregate par value of \$429,100. The company's assets and liabilities as of June 30, 1924, are reported as follows:

<i>Assets.</i>	
Fixed assets .....	\$1,073,962 55
Cash .....	14,200 13
Accounts receivable .....	22,731 05
Investments .....	1,100 00
Materials and supplies.....	10,222 63
Unamortized discount on bonds.....	17,242 27
Other deferred debits.....	5,296 93
Total assets.....	\$1,144,755 56

<i>Liabilities.</i>	
Capital stock -----	\$429,100 00
Funded debt -----	355,000 00
Accounts payable -----	17,292 83
Accruals -----	12,029 73
Reserve for accrued depreciation-----	265,999 40
Other reserves -----	11,392 10
Capital surplus -----	17,250 00
Corporate surplus unappropriated-----	36,691 50
Total liabilities-----	\$1,144,755 56

By Decision No. 2898, dated November 13, 1915, as amended, the Commission authorized applicant to execute a deed of trust to secure the payment of an authorized issue of \$1,500,000 of first mortgage 6 per cent bonds dated October 1, 1915, and maturing in annual installments of \$5,000 on the first day of October in each of the years 1917 to 1921, inclusive, in annual installments of \$10,000 on the first day of October of each of the years 1922 to 1924, inclusive, in annual installments of \$15,000 on the first day of October of each of the years 1925 to 1939, inclusive, and the remainder, \$1,220,000 on October 1, 1940. The Commission at that time also authorized the issue of \$400,000 of the bonds, which amount included all of those maturing during 1917 to 1939, inclusive, and \$120,000 maturing in 1940. The present application involves the issue of \$225,000 of bonds maturing in 1940.

Reports filed supplemental to the Commission's General Order No. 24 show that the company sold the \$400,000 of bonds at 92½ per cent of face value, a price netting it \$370,000. The reports further show that the company, as permitted by the Commission, used \$301,400 of the proceeds to refund bonds and notes at that time outstanding and used the remaining \$68,600 to finance in part the cost of additions and betterments made subsequent to August 1, 1915, and prior to April 30, 1921.

The company asks permission to use the proceeds to be received from the sale of \$150,000 of the \$225,000 of bonds now applied for, to reimburse its treasury because of expenditures for additions and betterments made between August 1, 1915, and May 31, 1924, and to use the proceeds from the sale of the remaining \$75,000 of bonds to finance the cost of additions and betterments subsequent to May 31, 1924.

The application shows that during the period from August 1, 1915, to May 31, 1924, the company expended for additions and betterments the sum of \$218,179.63, as shown in some detail in Exhibit "B." Deducting from this amount the sum of \$68,600 representing proceeds from the sale of the bonds heretofore authorized by the Commission, there is left the sum of \$149,579.63 against which the Commission has not authorized the issue of bonds or stock. While the company asks



permission to use bond proceeds to reimburse its treasury, on account of its construction expenditures prior to May 31, 1924, an analysis of financial statements filed in this and in former proceedings, indicates that a large portion of such expenditures was made with moneys represented by the reserve for accrued depreciation and other reserves. The company's unappropriated surplus as of June 30, 1924, is reported at \$36,691.50.

Although asking permission to use the proceeds from the sale of \$150,000 of bonds to reimburse its treasury for capital expenditures prior to May 31, 1924, the company reports that all but about \$25,000 of such proceeds will be used, after reimbursement, to finance the cost of additions and betterments subsequent to May 31, 1924. In this connection applicant reports that in the near future it will be called upon to expend an additional \$127,575 of betterments and improvements, which amount includes \$68,875 for Sacramento and \$58,700 for Lodi. These expenditures are reported in Exhibit "C" as follows:

<i>Sacramento.</i>	
Increased gas holder capacity.....	\$14,500 00
Two large scrubbers.....	2,000 00
New purifier.....	2,000 00
Large underground pipes to reduce back pressure.....	2,500 00
Two conveyors to handle lamp black.....	1,200 00
Two meters or gas wells.....	500 00
Two recording thermometers.....	150 00
Steam driver compressor.....	1,500 00
New meter shop.....	2,000 00
New garage.....	1,500 00
New calorimeter.....	400 00
Connecting dead ends.....	25,000 00
Miscellaneous.....	2,125 00
New 250- or 300-horsepower boiler.....	13,500 00
Total.....	\$68,875 00
<i>Lodi.</i>	
New holder, 100,000 cubic feet.....	\$35,000 00
New boiler.....	6,500 00
Wash box and purifier.....	3,500 00
Fence around plant.....	1,200 00
Mains and services in Barnhart tract and connecting dead ends.....	12,500 00
Total.....	\$58,700 00
Total expenditures.....	\$127,575 00

In addition to these expenditures the record shows that consideration is being given to the installation of a high pressure system in Sacramento which, it is estimated, may cost about \$75,000.

The order herein will authorize the issue of the \$225,000 of bonds but will provide that the proceeds from the sale of \$75,000 of such bonds may be expended only for such purposes as the Commission might hereafter authorize.

**ORDER.**

Sacramento Gas Company, having applied to the Railroad Commission for permission to issue and sell \$225,000 of its first mortgage 6 per cent bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered,* that Sacramento Gas Company be and it is hereby authorized to issue and sell on or before February 28, 1925, at not less than 92 per cent of face value, plus accrued interest, \$225,000 of its first mortgage 6 per cent bonds.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use the proceeds to be received from the sale of \$150,000 of the bonds herein authorized to reimburse its treasury and to finance in part the cost of the additions, betterments and improvements to which reference is made in the foregoing opinion and which are described in Exhibits "B" and "C" filed with the application.

2. The proceeds to be received from the sale of the remaining \$75,000 of the bonds herein authorized may be used only for such purposes as the Commission will hereafter authorize.

3. Sacramento Gas Company shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$225.

Dated at San Francisco, California, this twenty-seventh day of August, 1924.

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**DECISION No. 13973.**

**IN THE MATTER OF THE INVESTIGATION OF THE GAS RATES,  
SERVICE AND OPERATIONS OF MODESTO GAS COMPANY ON THE  
COMMISSION'S OWN MOTION.**

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**Case No. 1662.**

**Decided August 27, 1924.**

BY THE COMMISSION.

**FOURTH SUPPLEMENTAL ORDER.**

The Railroad Commission having, by Decision No. 9839, dated December 6, 1921 (20 C. R. C 948), fixed rates to be charged by Modesto Gas Company which would be just and reasonable in connection with a price paid for fuel oil by said company of \$2 per barrel f. o. b. Modesto, and provided that such rates should be subject to increase or decrease on the basis of 2.6 cents per thousand cubic feet of gas for each 10-cent increase or decrease, respectively, in the price of oil above or below \$2 per barrel f. o. b. Modesto, and such rates having been decreased on account of the reduction in the price of oil from \$2 per barrel to \$1.32 per barrel, and Modesto Gas Company now making affidavit that the price which it pays for oil has been increased to \$1.72 per barrel f. o. b. Modesto;

*It is hereby ordered*, that Modesto Gas Company be and it is authorized to increase the rates charged for gas under its Schedule "A" by 10 cents per thousand cubic feet, such increase to be effective with bills based on regular meter readings taken on or after September 15, 1924.

*It is hereby further ordered*, that, on or before September 1, 1924, Modesto Gas Company file with this Commission a revision of its schedules to comply with this order.

Dated at San Francisco, California, this twenty-seventh day of August, 1924.

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DECISION No. 13987.

IN THE MATTER OF THE APPLICATION OF SANTA BARBARA TELEPHONE COMPANY, A CORPORATION, FOR AN ORDER TO INCREASE ITS RATES.

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Application No. 5039.

Decided August 29, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

Santa Barbara Telephone Company has filed a supplemental application in the above entitled matter, requesting that the decision and order No. 7542 be amended and changed to permit applicant to invest its depreciation funds in its properties and for such other and further relief as may be meet and proper in the premises. Decision No. 7542, dated May 5, 1920, authorized the company to file and to put into effect a schedule of telephone rates, subject among others to the following condition:

Applicant shall set aside into a depreciation fund the sum of \$33,000 per annum in monthly installments of \$2,750 for the purpose of taking care of such renewals and

replacements as shall be covered by the fund. Applicant shall file with this Commission, within thirty days of the date of this order, its suggestions for rules governing the functions and use of the depreciation fund, and these rules shall thereafter go into effect as approved or modified by the Commission.

Following this order certain rules were adopted, effective September 28, 1920, relative to the use of the depreciation fund.

The Commission has considered the actual operations of the company under the rules now in effect and the manner in which the business of the company has been conducted, and is of the opinion that Decision No. 7542 may be modified as herein provided; therefore,

*It is hereby ordered, that:*

(1) Condition two (2) of the order in Decision No. 7542, dated May 5, 1920, referred to above, is hereby vacated and set aside. Any moneys now in the depreciation fund are released and may be used to pay the cost of extensions and betterments to its plants and facilities or to replace such plants and facilities.

(2) Santa Barbara Telephone Company shall adjust its reserve for accrued depreciation to such an amount as may be determined to be reasonable for the property as it existed on July 1, 1924, based upon a five per cent (5%) sinking fund computation, and thereafter shall credit to said reserve such depreciation annuities as will be determined by this Commission to be reasonable and, in addition thereto, interest at the rate of five per cent (5%) per annum on said reserve.

Dated at San Francisco, California, this twenty-ninth day of August, 1924.

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DECISION No. 13998.

IN THE MATTER OF THE APPLICATION OF VENICE CONSUMERS WATER COMPANY, A PUBLIC UTILITY CORPORATION, FOR AUTHORITY TO ISSUE ITS FIRST MORTGAGE BONDS OF THE FACE VALUE OF THREE HUNDRED FIFTY THOUSAND DOLLARS, PREFERRED STOCK OF THE PAR VALUE OF FIFTY-FIVE THOUSAND DOLLARS, AND COMMON STOCK OF THE PAR VALUE OF ONE HUNDRED FIFTY-THREE THOUSAND DOLLARS.

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Application No. 9844.

Decided August 30, 1924.

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BY THE COMMISSION.

FIRST SUPPLEMENTAL ORDER.

By Decision No. 13488, dated April 30, 1924, the Railroad Commission authorized the Venice Consumers Water Company to issue not exceeding \$300,000 of 6½ per cent first mortgage bonds due April 1, 1944; not exceeding \$55,000 of 7 per cent preferred stock and not exceeding \$153,000 of common stock, and directed that the proceeds from the sale of such stocks and bonds be used for the purpose of

paying for the properties formerly owned by the City Water Company of Ocean Park, Venice of America Water Company and Fredericks Water Company, and to acquire and construct the improvements to which reference is made in Decision No. 13488, and pay not exceeding \$5,000 for organization expenses.

In its application the Venice Consumers Water Company requested permission to issue, for the above purposes, \$350,000 of bonds, \$55,000 of 7 per cent preferred stock, \$153,000 of common stock, the \$153,000 including \$50,000 of common stock which applicant asked permission to issue to Benjamin Brodsky as compensation for services rendered in securing options to purchase the above properties. The Commission in its opinion recites that the Venice Consumers Water Company should be authorized to issue not exceeding \$300,000 of 6½ per cent bonds, \$55,000 of 7 per cent preferred stock and \$153,000 of common stock for the purpose of acquiring the properties formerly owned by the City Water Company of Ocean Park, Venice of America Water Company and Fredericks Water Company, and to acquire and construct the improvements to which reference is made in the Commission's opinion and to pay not exceeding \$5,000 for organization purposes. The Commission further recites that it will not authorize applicant to issue any additional stock or bonds for the aforesaid purposes.

On July 31, 1924, the Venice Consumers Water Company filed with the Commission a stipulation agreeing that it will construct all of the improvements and additions listed in the Commission's decision, that it will not seek authority to issue any additional stocks or bonds or other evidences of indebtedness for the purposes mentioned in Decision No. 13488, and that such surplus earnings as may have to be invested in the improvements and additions referred to in Decision No. 13488 will be recorded under account 33, "Income invested since December 31, 1912, in fixed capital," and that such moneys will never be used for the purpose of declaring or paying a dividend nor for the issue of stocks, bonds or other evidences of indebtedness. The company asks the Commission to modify its order in Decision No. 13488 so as to permit the company to deliver \$50,000 of the \$153,000 of common stock authorized to be issued by such decision to Benjamin Brodsky for services rendered in securing options for the purchase of the properties of the City Water Company of Ocean Park, Venice of America Water Company and Fredericks Water Company, for the transfer of such options to Venice Consumers Water Company and other services rendered in connection with the organization of Venice Consumers Water Company.

The Commission has considered applicant's request and believes that, in view of the stipulation filed in this proceeding, such request may be granted.

*It is therefore ordered*, that the order in Decision No. 13488, dated April 30, 1924, be and it is hereby modified so as to permit Venice Consumers Water Company to deliver \$50,000 of the \$153,000 of common stock authorized to be issued by such decision to Benjamin Brodsky.

*It is hereby further ordered*, that the order in Decision No. 13488, dated April 30, 1924, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this thirtieth day of August, 1924.

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DECISION No. 14001.

IN THE MATTER OF THE APPLICATION OF SMITH BROTHERS MOTOR TRUCK COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9714.

IN THE MATTER OF THE APPLICATION OF PAUL KENT TRUCK COMPANY, INCORPORATED, FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9715.

IN THE MATTER OF THE APPLICATION OF CALIFORNIA TRUCK COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9716.

IN THE MATTER OF THE APPLICATION OF CITIZENS TRUCK COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9717.

IN THE MATTER OF THE APPLICATION OF BELYEA TRUCK COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9718.

IN THE MATTER OF THE APPLICATION OF STAR TRUCK AND TRANSFER COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9719.

IN THE MATTER OF THE APPLICATION OF PIONEER TRUCK AND TRANSFER COMPANY OF LOS ANGELES FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS

SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

Application No. 9720.

IN THE MATTER OF THE APPLICATION OF ASHTON TRUCK COMPANY FOR PERMISSION TO INCREASE RATES AND TO ALTER RULES AND REGULATIONS SO AS TO EFFECT INCREASES IN RATES AS DIRECTED IN CASE No. 1871, DECISION No. 12823, OF THE RAILROAD COMMISSION.

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Application No. 9732.

Decided August 30, 1924.

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*Howard Robertson*, for all Applicants.

*Frank M. Smith*, for Bennett & Faus.

*F. P. Gregson*, for Associated Jobbers of Los Angeles.

*H. M. Wade*, for Wade Transfer Company.

*C. W. Cornell*, for Pacific Electric Railway.

*Benjamin W. Shipman*, for Ashton Truck Company.

*SHORE*, Commissioner.

#### OPINION.

The above entitled applications were filed on behalf of Lyle L. Smith and S. F. Smith, doing business under the name and style of Smith Brothers Motor Company; Paul Kent Truck Company, Incorporated; California Truck Company, a corporation; Citizens Truck Company, a corporation; B. W. Belyea, doing business under the name and style of Belyea Truck Company; Edgar S. Stanley, doing business under the name and style of Star Truck and Transfer Company; Pioneer Truck and Transfer Company of Los Angeles, a corporation; A. P. Ashton, doing business under the fictitious name and style of Ashton Truck Company.

Each of the above mentioned applicants applies to the Railroad Commission for an order authorizing the establishment of certain schedules of rates governing the transportation of various commodities between Los Angeles city proper and Los Angeles harbor district at Wilmington and San Pedro. Such applications were filed in accordance with Decision No. 12823, in Case No. 1871, dated November 14, 1923, in which proceeding the Railroad Commission found that the various transportation companies hereinabove named had been operating as transportation companies under the provisions of chapter 213, Statutes of 1917, and amendments thereto and that their respective operations fell within the provisions of section 5 of the above numbered statutory amendment in that such operations were conducted in good faith prior to May 1, 1917, and continuously since that date.

Due to conditions as more fully set out in Decision No. 12823 in Case No. 1871, changes had been made in the tariff of rates as charged by the applicants hereinabove named, which changes, constituting increases in the charges assessed, had not been authorized by the Rail-

road Commission in accordance with the law and the rules and regulations issued by the Commission governing the filing of tariffs affecting increases of rates.

A public hearing was held in the above entitled applications on March 5, 1924, at Los Angeles, at which time the matters were submitted and they are now ready for decision.

After the issuance of Decision No. 12823 the eight applicants herein filed tariffs of rates covering charges made for the respective services performed by them as of May 1, 1917, and the present applications are for the purpose of establishing the rates as charged at the time the Commission issued its decision finding that such companies fell within the provisions of the Auto Stage and Truck Transportation Act. Due to the fact that all of the applicants were engaged in local city operations, in addition to the harbor haul, and had kept no separate accounts covering expenses or revenues in connection with their harbor hauling, it is impossible to determine at this time, except by a comparative analysis, whether or not the schedules as proposed in the within applications are just and reasonable, particularly in view of the fact that the majority of the present applicants are conducting an intra-city business which produces revenues and expenses greatly in excess of the revenues and expenses produced through their harbor operations. The rates proposed by all the applicants are identical and are as set forth by their respective exhibits "A" attached to each individual application. Their schedules of class rates contain some seven classifications, ranging from a minimum of 16 cents per 100 pounds in lots of 25,000 pounds or over in rate "A," to 32½ cents per 100 pounds in lots of 13,000 pounds or over in rate "G;" also hourly rates for trucks of varying capacities.

The only basis upon which the Commission at this time can determine what rates are just and reasonable for the transportation of commodities between Los Angeles and the harbor district, in view of the fact that no evidence was introduced at the hearing by protestants to show that the rates proposed by the eight applicants above mentioned were unreasonable, is a comparison of the proposed rates with those charged by an existing utility which has for a considerable period of time been solely engaged in the transportation of property between Los Angeles city proper and the harbor district at Wilmington and San Pedro, which utility has had rates on file with the Commission and has regularly filed annual reports showing the revenues and expenses incurred in conjunction with such operations.

A comparison of the rates proposed by the eight applicants has been made with the rates now in effect by the Los Angeles and San Pedro Transportation Company, the transportation company hereinabove last referred to. This comparison shows that of the seven classifications there are twenty-six decreases in the schedules as proposed and no



increases, as regards class rates. This, however, covers solely the basic rates as set forth and not a comparison of the two classifications. A check of items in the classification of applicants as compared with the classification of the Los Angeles and San Pedro Transportation Company shows that applicants have some forty-eight items listed under "A" rate while the Los Angeles and San Pedro Company has eighty-nine items listed under the "A" rate, this rate being the lowest schedule proposed by either the eight applicants or the Los Angeles and San Pedro Company. Further, the latter company has recently established in its proportional freight tariff C. R. C. No. 15, a provision for a rate of 14 cents in Districts Nos. 1 and 2 covering shipments in lots of 25,000 pounds or over "on merchandise in bags, barrels, boxes, cases, compressed bales, drums or kegs, also including metal castings or billets. The above rates, however, do not apply on dry goods, machinery, commodities of a perishable nature or any commodity the value of which exceeds \$25 per 100 pounds nor on any single package or piece weighing in excess of one ton or any commodity weighing less than 25 pounds per cubic foot of space occupied." As will be readily seen, the 14-cent commodity rate as hereinabove mentioned (being item No. 8 in C. R. C. No. 15 of the Los Angeles and San Pedro Transportation Company) is ambiguous, uncertain and, in effect, impossible of interpretation by the average shipper or receiver of freight and such an item should be eliminated and the specific commodities proposed to be included under the 14-cent rate set forth under a special commodity tariff which would provide a rate of 14 cents per 100 pounds on the commodities therein listed when shipped in lots of 25,000 pounds or over. A list of commodities moving between Los Angeles and the harbor district in the amounts above set forth which could reasonably take a rate of 14 cents per 100 pounds will be required to be established by the applicants herein, as per list of commodities attached hereto and marked Appendix "A." These applicants will further be required to establish in their revised tariffs a rate of \$2.20 per ton on shipments moving from their Los Angeles depots to steamship wharves at Los Angeles harbor, provided that the rate of \$2.20 per ton on the commodities hereinafter mentioned shall apply only on shipments delivered to the respective applicants' terminal depots and there loaded upon the applicants' equipment; this \$2.20 per ton rate to apply to beans in bags, canned goods in cases or cartons, citrus fruits in boxes, honey in boxes or barrels, fruit pits or nut kernels in bags or cases, sugar in barrels or bags, and walnuts in bags, and apply only when shipped in lots of 5000 pounds or over.

Schedule rate "D" of Exhibit "A" provides a rate of 27½ cents per 100 pounds on 16,400 pounds. This is in excess of the carload rate of

\$45 per truck for 21,500 pounds. The \$45 per truck load for Schedule "D" should be changed to \$45.15. Also rate of 32½ cents, Schedule "E" in carload lots of 14,000 pounds would be in excess of the carload rate maximum 20,000 pounds at \$45. The \$45 per truck load for Schedule "E" should be changed to \$45.75.

As a basis for finding that the rates herein proposed, as amended by the Commission, should be established, an analysis has been made of the last annual report of the Los Angeles and San Pedro Transportation Company for the year ending December 31, 1923. This report does not contain under operating expenses the additional expense accruing to transportation companies under the 2-cent gasoline tax for the entire period covered by the report, in that such tax did not go into effect until the last four months of the year. It also does not include the tax required to be paid under the provisions of the Duval bill requiring the payment by such transportation companies of 4 per cent of their gross revenues for the year, less deductions for local city and county taxes and licenses. During the year 1923 the report for the Los Angeles and San Pedro Transportation Company shows a net profit of \$6,370.50. Excluding all intangibles and other items of investment other than investment in plant and equipment, the net profit would provide upon an investment in excess of \$105,616 a return of a fraction over 6 per cent. The 4 per cent tax upon the gross revenue would amount to \$10,582.64. After the deduction of licenses and taxes, the payment of the 4 per cent tax and the 2 cents per gallon gasoline tax for the full year, this transportation company would have a showed a material deficit. We are accordingly compelled to arrive at the conclusion that rates as proposed by the eight applicants in the present proceedings are not unduly high, or at least maintain that finding until such time as their actual operations and proper accounting system under a segregation of line hauling as distinct from intracity business shall show that readjustments of the proposed schedules are warranted.

In accordance with the recommendations contained in the foregoing opinion, an order will be entered authorizing the establishment of the rates applied for by the eight applicants and applicants will be directed to file with the Commission tariffs of rates identical with those contained in exhibits "A" of their respective applications, except as to alterations as hereinabove set forth, together with revision of rules and regulations which will provide for the continuation of handling of special lines of transportation such as individual applicants have engaged in, in the past.

I submit the following form of order:

**ORDER.**

A public hearing having been held in the above entitled matters, evidence submitted and the Commission now being fully advised;

*It is hereby ordered*, that each and all of the applicants be and they hereby are ordered to file, within a period of not to exceed sixty (60) days from date hereof, tariff of rates as set forth in exhibits "A" attached to their respective applications, which tariffs of rates shall be amended in conformity with the findings as set forth in the opinion preceding this order, said rates to become effective within ten (10) days after acceptance thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirtieth day of August, 1924.

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**APPENDIX "A."**

List of commodities, in lots of 25,000 pounds or over, at 14 cents per hundredweight, effective in districts 1 and 2 only.

Agricultural implements, parts, in boxes, barrels or kegs.  
 Axles (wagon or auto).  
 Bags, burlap, in bundles.  
 Batteries and parts, in barrels, boxes or cases.  
 Beverages, in barrels or boxes.  
 Billets, iron and steel.  
 Bolts and nuts, in cases and kegs.  
 Bottle goods, in cartons.  
 Burlap, in bales.  
 Butter and butter substitutes.  
 Cable, lead or steel, on reels.  
 Canned goods, in tins, cartons or cases.  
 Cement, in bags.  
 Chain, in barrels or cases.  
 Cheese, in tubs.  
 Chemicals, in barrels, boxes or bags (dry or liquid).  
 Chocolate, cocoa and cocoa beans, in barrels, boxes or bags.  
 Coffee, in bags or cases.  
 Conduit pipe, iron or steel.  
 Cotton, in bales.  
 Fertilizer, in sacks.  
 Flour, in bags or barrels.  
 Flour paste, in barrels.  
 Food preparations, stock or animal.  
 Fruit, dried, in cases.  
 Gas, in steel containers.  
 Glass, small window (not plate), in cases.  
 Glucose, in barrels.  
 Grain, in sacks.  
 Grease and oil, in cases or barrels.  
 Hardware, in cases, kegs or barrels.  
 Hides, green.  
 Iron, bars under 18 feet, or sheets, in bundles.  
 Ink, in barrels or drums.

Insulators, porcelain, in barrels, boxes or crates.  
 Lacquer, in barrels, kegs or cases.  
 Lard and substitutes, in barrels, cases or crates.  
 Metals, raw material.  
 Meters, water or gas.  
 Molasses and syrup, in cases or barrels.  
 Nails, in kegs.  
 Nuts and nut meats, in cases or bags.  
 Oils and greases, in barrels, drums or cases.  
 Oil cloth.  
 Paints, dry or in oil, in cases, cans or barrels.  
 Paper, printing or wrapping, in cases, bundles or rolls.  
 Pipe and fittings, iron or brass, in cases or barrels.  
 Radiators, steam or gas, iron.  
 Rags, in bales.  
 Rope, in coils.  
 Rubber, crude, in bundles, bales or boxes.  
 Salt, in bags or cases.  
 Seeds, in bags or cases.  
 Slate, electric.  
 Soap, in barrels or cases.  
 Springs, auto or wagon.  
 Sugar, in bags.  
 Tallow, in barrels.  
 Tin, sheets, in bundles or cases.  
 Tile, in barrels or boxes.  
 Valves, iron or brass, less than 500 pounds.  
 Vinegar, in barrels.  
 Waste, in bales.  
 Wax, in barrels or cases.  
 Wire, in coils, reels or bundles.

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DECISION No. 14002.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN COMPRESS  
AND WAREHOUSE COMPANY, A CORPORATION, FOR PERMISSION  
TO ISSUE STOCK.

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Application No. 10364.

Decided August 30, 1924.

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*Stanley R. Pratt*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application San Joaquin Compress and Warehouse Company asks permission to issue and sell 750 shares of its common capital stock of the aggregate par value of \$75,000.

The application indicates that the company intends to acquire land in Bakersfield, to construct and operate a cotton compress, and cotton warehouse. At the hearing held in this matter Stanley R. Pratt, one of applicant's organizers and a member of its board of directors, estimated that there are approximately 44,000 acres of land planted in cotton in the lower San Joaquin Valley at present and that there should be 30,000 bales produced this year, taking into consideration the adverse climatic conditions that have prevailed. Mr. Pratt testified that there

is no compress in the San Joaquin Valley and that the cotton that is now produced there is shipped to Los Angeles or to points in the Imperial Valley for baling.

The company reports that it has an option to purchase, for \$10,000, twenty-two acres of land in Bakersfield upon which it plans to erect its warehouse and compress. In this connection, its estimated expenditures are reported as follows:

Land .....	\$10,000 00
Side track .....	5,000 00
Water system and fire protection equipment.....	10,000 00
Machinery, including freight and installation.....	55,000 00
Tools and miscellaneous equipment.....	5,000 00
Building No. 1.....	15,000 00
Working capital .....	25,000 00
Total.....	\$125,000 00

To finance in part the cost of these estimated expenditures, applicant asks permission at this time to issue and sell, at par, without deduction for brokerage or commission, \$75,000 of its stock.

This stock has been subscribed for by the following:

Calexico Compress Company.....	\$30,000 00
T. J. West.....	9,000 00
John P. Conduit.....	15,000 00
J. B. Hoffman.....	20,000 00
Stanley R. Pratt.....	100 00
J. A. Hughes.....	100 00
C. A. Barlow.....	100 00
H. A. Jastro.....	100 00
Total.....	\$75,000 00

Applicant's articles of incorporation, a copy of which is filed with the application, show that it was organized on or about July 9, 1924, with an authorized capital stock of \$250,000 divided into 2500 shares of the par value of \$100 each, all shares being common. The present application, however, involves the issue of only \$75,000 of stock. Stock, in addition to this amount needed to finance in part the estimated expenditures to which reference is made herein, may be issued only after the company has filed a formal application with this Commission and has received an order from the Commission authorizing it to issue such stock.

#### ORDER.

San Joaquin Compress and Warehouse Company, having applied to the Railroad Commission for permission to issue and sell \$75,000 of its common capital stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in

whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that San Joaquin Compress and Warehouse Company be and it is hereby authorized to issue and sell, on or before June 30, 1925, \$75,000 of its common capital stock and to use the proceeds for the purposes indicated in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. The stock herein authorized shall be sold at not less than par for cash without deduction for brokerage or commission. No stock may be issued until fully paid.

2. Applicant shall keep such record of the issue and sale of stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this thirtieth day of August, 1924.

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DECISION No. 14003.

IN THE MATTER OF THE APPLICATION OF THE CENTRAL MENDOCINO  
COUNTY POWER COMPANY FOR AN ORDER AUTHORIZING THE  
ISSUE OF BONDS.

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Application No. 10387.

Decided August 30, 1924.

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*Edward Morris*, for Applicant.  
*John S. Prell*, in *propria persona*.

BY THE COMMISSION.

OPINION.

In this application Central Mendocino County Power Company asks permission to issue and sell at not less than 93 per cent of face value plus accrued interest, \$50,000 of its first mortgage 6½ per cent bonds due June 1, 1953, and to use the proceeds to finance the cost of additions and betterments.

By Decision No. 11542, dated January 23, 1923, as amended, in Application No. 7999, the Commission authorized Central Mendocino County Power Company to execute a mortgage or deed of trust to secure the payment of an authorized issue of \$150,000 of first mortgage 6½ per cent bonds due June 1, 1953, and to issue and sell \$100,000 of such bonds, \$100,000 of common stock and \$75,000 of 7 per cent cumulative preferred stock for the purpose of financing the cost of acquiring and constructing properties. Of these amounts it appears that all of the

common stock and the bonds and \$50,332 of the preferred stock have been issued.

In Application No. 7999, the company reported that it proposed to purchase the water system of Willits Water and Power Company and the electric distributing system of Northwestern Redwood Company; to construct a 10,000-volt transmission line to Potter Valley, a distance of 15 miles, to connect with the Snow Mountain Water and Power Company's lines; to construct a dam near Willits and to install a transmission main from the dam to Willits, a distance of about four miles. The Commission's order, as amended, in Application No. 7999, permitted the company to use the proceeds from the stock and bonds for the following purposes:

To acquire property of Willits Water and Power Company-----	\$90,000 00
To acquire approximately 5260 acres of land from H. W. Cook, F. W. Taft and Edward Morris-----	75,000 00
To construct an electric transmission line from Willits to Potter Valley; a dam at Dutch Flat and a transmission line from the dam to Willits, and to pay for additional services, not exceeding-----	70,000 00
To pay organization expenses-----	5,000 00
Total-----	\$240,000 00

It appears that the company has acquired the properties of Willits Water and Power Company (including the electric distributing system formerly owned by Northwestern Redwood Company) and the 5260 acres of land from H. W. Cook, F. W. Taft and Edward Morris, and has completed the electric transmission line to Potter Valley at a cost of approximately \$35,000. It is reported that work on the Dutch Flat dam was suspended in September, 1923, up to which time \$16,918.73 had been expended, and that nothing has been done, other than preliminary surveys, on the transmission main.

The company reports that up to August 12, 1924, it had expended, for capital purposes, the sum of \$260,875.21 of which \$220,779.30 was obtained through the issue of stock and bonds, \$35,435 through the issue of short-term notes and \$5,660.91 through the investment of moneys represented by surplus and reserves. To replenish its reserves and surplus to the extent of \$4,808.20 and to finance the cost of constructing the transmission main and of completing the dam, applicant now makes this request for permission to issue bonds. It reports that it will need between \$15,000 and \$20,000 to complete the dam and approximately \$25,000 to construct the transmission main. As shown in Decision No. 11542 the dam will be of concrete construction, approximately 62.8 feet high, 24.5 feet long at the base and 117.48 feet long at the top and will be capable of impounding 5000 acre-feet of water. The transmission main will consist of approximately 20,000 feet of 10-inch riveted steel 16-gauge pipe.

While applicant asks permission to sell its bonds at not less than 93, it is of record that it intends to dispose of the bonds at par if possible. The Commission will authorize the sale of the bonds at not less than 95 and accrued interest but, of course, expects the company to get the highest price obtainable for them. No bond may be sold for less than 95 and accrued interest.

#### ORDER.

Central Mendocino County Power Company, having applied to the Railroad Commission for permission to issue and sell \$50,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Central Mendocino County Power Company be and it is hereby authorized to issue and sell on or before March 31, 1925, \$50,000 of its first mortgage 6½ per cent bonds due June 1, 1953, at not less than 95 per cent of face value and accrued interest.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall use the proceeds to be received from the sale of the \$50,000 of bonds herein authorized for the purposes indicated in the foregoing opinion.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$50.

Dated at San Francisco, California, this thirtieth day of August, 1924.

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#### DECISION No. 14022..

MODOC COUNTY DEVELOPMENT BOARD

*vs.*

ALTURAS ELECTRIC POWER COMPANY.

Case No. 1889.

IN THE MATTER OF THE APPLICATION OF ALTURAS ELECTRIC POWER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES.



## Application No. 9926.

Decided September 8, 1924.

*Oscar Gibbons*, for Modoc County Development Board.  
*S. H. McCartney*, for Nevada-California-Oregon Railway.  
*I. W. Gibbins*, for Alturas Electric Power Company.

BY THE COMMISSION.

**OPINION.**

In Case No. 1889 Modoc County Development Board alleges that the service rendered by the Alturas Electric Power Company is inadequate and unsatisfactory and that the rates are excessive. The suggestion is made that the electric transmission line of the Pacific Gas and Electric Company should be extended from the vicinity of Fall River Mills to Alturas and that Alturas and vicinity be supplied with electric energy by the Pacific Gas and Electric Company.

In Application No. 9926 the Alturas Electric Power Company asks for the establishment of just and reasonable rates.

The two proceedings were set down for hearing at Alturas on July 16, 1924. At such hearing the two matters were consolidated for hearing and decision.

Alturas Electric Company owns a hydro-electric power plant on Pine Creek about six miles southeast of Alturas, Modoc County. Water is diverted from Pine Creek about five miles above the power plant by means of a timber crib, rock filled dam. The conduit consists of 3000 feet of wood stave pipe, 1000 feet of flume and 14,000 feet of ditch. The forebay, which has an approximate capacity of 100 acre-feet, serves to a limited extent as a storage reservoir and provides ample regulation for the daily fluctuation in load. The plant operates under a head of 375 feet, the equipment consisting of a Pelton type wheel, three nozzles, capable of developing about 200 horsepower and a 300-kilowatt 6600-volt Allis Chalmers generator. Excitation is provided by a small generator driven by a Knight water wheel. The penstock averages 24 inches in diameter, the upper 3200 feet being wood stave pipe and the balance, 2200 feet, being double riveted steel pipe. Electric energy is transmitted to Alturas at 6600 volts, where it is distributed. Electric energy is also delivered at the plant to the Surprise Valley Electric Light and Power Company for distribution in the town of Cedarville.

The record clearly shows that the service rendered by the Alturas Electric Power Company has not been satisfactory for several years past. Though representatives of the company held that to some extent apparent faulty service was caused by lack of proper consumers' equipment, they admitted a fluctuation in the voltage, a lack of capacity, interruptions in service caused by leaks in the penstock or ice filling the open ditch. To remedy the situation, the Modoc County Development Board urges that the generating plant of the Alturas Electric Power

Company be abandoned and Alturas supplied with electric energy by the Pacific Gas and Electric Company. To supply Alturas, the Pacific Gas and Electric Company would have to build about 70 miles of transmission line through sparsely settled territory. The cost of the line with necessary transformers, has been estimated by Charles Grunsky, an assistant engineer for the Railroad Commission, at, at least, \$100,000. The cost of the Alturas electric distributing system, he estimates at about \$28,000.

The alternative to the extension of the Pacific Gas and Electric Company lines is the rehabilitation of the present generating plant of Alturas Electric Power Company. This involves, according to I. W. Gibbins, general manager for the company, the installation of an additional water wheel in the existing power plant, the repair of the wood stave penstock, replacing part thereof with steel pipe and providing additional storage or, as an alternative to increasing the storage, replace the open conduit above the forebay in such manner that the flow of the water would not be interrupted through freezing.

It must be evident to all that continuous electric service to Alturas and vicinity can be assured only by two separate adequate sources, and can not be realized through placing entire reliance on either an extension of the lines of the Pacific Gas and Electric Company or on the power plant of the Alturas Electric Power Company, even though such plant is completely rehabilitated. The Commission feels that rates necessary to provide two sources of power would be prohibitive. For this reason, as well as in the interest of the conservation of electric energy, it is believed that the plant of the Alturas Electric Power Company should be rehabilitated. Had this plant been in the condition that it should be, the company would in the past have been in a position to take care of all demands for electric power. With proper rehabilitation the output of the plant can be increased by approximately 50 per cent, which should enable the company to furnish Alturas and vicinity with an adequate supply of electric energy. The company will be required to forthwith proceed with the installation of the following improvements:

1. Repair the wood stave pipe portion of the penstock and replace at least 1000 feet of such wood stave pipe with steel pipe.

2. Replace the open conduit for approximately 12,000 feet below diverting dam with pipe or its equivalent.

3. Install additional water wheel so that the full rated capacity of the present generator can be developed.

The inability of the company to sell bonds is not sufficient reason for the postponement of installing the necessary improvements. If the company is not able to develop an adequate supply of electric energy it can not expect the Commission to protect it against competition.

Taking up the question of rates of the Alturas Electric Power Company: The Commission's Exhibit No. 1, prepared by Charles Grunsky, shows a total historical reproduction cost new of the company's properties as of April 30, 1924, of \$106,426. This figure includes no allowance for intangible elements of value. Neither representatives of complainants nor of the company question the correctness of the Commission's Exhibit No. 1. The valuation of the properties as shown in said exhibit follows:

Table I.

Electric capital—Alturas Electric Power Company.	
Landed capital .....	\$200 00
Production capital .....	70,782 00
Transmission capital .....	3,710 00
Distribution capital .....	28,380 00
General capital .....	3,354 00
Total capital .....	\$106,426 00

To such historical reproduction cost new estimates should be added \$1,000 for materials and supplies and \$1,500 for working cash capital. It is estimated that the improvements which the company is directed to install will cost about \$20,000. In determining the portion of this amount which will be included in the rate base, consideration was given to the increased revenues resulting from additional business, the replacement of property included in the \$106,426 and to the economy of operations that should result from the expenditures. The sum of \$10,000 will at this time be added to the \$106,426, making the several additions to the historical reproduction cost new of the physical properties result in a total rate base of \$118,926, as shown by Table II, following:

Table II.

Rate base—Alturas Electric Power Company.	
Present plan investment .....	\$106,426 00
Working cash capital .....	1,500 00
Materials and supplies .....	1,000 00
Subtotal .....	\$108,926 00
Allowance for new work .....	10,000 00
Total rate base .....	\$118,926 00

A return of 8 per cent on the rate base is allowed in the rates herein established. Such return, however, is subject to two deductions:

First—Until such time as the company has installed the improvements referred to in this decision, the consumers will be allowed a discount of 5 per cent on their bills.

Second—Out of the allowance as a return on the rate base, the company must pay interest at the rate of 6 per cent per annum on the balance in its depreciation reserve. The remainder may be distributed as interest on debt, used to amortize debt discount and expenses, pay dividends, or used as additions to surplus.

Based upon an examination of the company's books, Charles Grunsky testified that the reasonable operating expenses for a normal year of the Alturas Electric Power Company will be \$12,400. This figure includes allowances of \$1,750 for depreciation annuity and \$2,000 for taxes. The detailed amounts, as set forth in Table III following, together with the expenses as reported by the company for the year 1923, are:

Table III.

Operating expenses—Alturas Electric Power Company.

	As reported for 1923	As found reasonable
Production .....	\$2,713 00	\$3,000 00
Transmission and distribution.....	1,142 00	850 00
Commercial .....		1,000 00
Salaries and expenses general officers.....	2,160 00	2,500 00
Miscellaneous general expenses.....	2,606 00	1,200 00
Miscellaneous general repairs.....	11 00	100 00
Taxes .....	1,925 00	2,000 00
Subtotal .....	\$10,647 00	\$10,650 00
Depreciation .....	2,280 00	1,750 00
Totals .....	\$12,927 00	\$12,400 00

It will be observed that Charles Grunsky's estimate of expenses, exclusive of depreciation, is substantially the same as the expenses reported for 1923. The individual accounts vary considerably, due chiefly to a reduction in certain exceptional legal expenditures necessary in 1923 and a more liberal allowance for maintenance accounts. The allowance for depreciation, which is somewhat less than that used by the company, is calculated on a 6 per cent sinking fund basis, using salvage percentages and lives which have been found to be reasonably correct. The allowance for depreciation must necessarily be somewhat increased because of the additional capital included in the rate base. It is believed that an additional allowance of \$250, or a total of \$2,000 as a depreciation annuity, is reasonable under the circumstances.

The company's gross revenue for 1923 is reported at \$21,196 and it is reasonable to expect that the 1924 revenue will closely approximate this figure. Table IV following shows the amount necessary as a reasonable return on the investment, depreciation and operating expenses, and gross revenues for an average year:

Table IV.

Reasonable Gross Operating Revenue, Alturas Electric Power Company.

	With improvements	Present plant
Rate base—Table II.....	\$118,926 00	\$108,926 00
Return at 8 per cent.....	9,514 00	8,714 00
Depreciation .....	2,000 00	1,750 00
Total reasonable net revenue.....	11,514 00	10,464 00
Operating expenses.....	10,650 00	10,650 00
Total reasonable gross revenue.....	22,164 00	21,114 00
Estimated revenue from present rates.....	21,196 00	21,196 00
Reasonable increase .....	\$968 00	\$82 00*

\*Decrease.

The preceding table indicates that an increase in rates, approximating 5 per cent, is justified at such time as the Alturas Electric Power Company has completed the installation of the improvements referred to in this decision. In view of the obsolete and inequitable character of the present rates, it appears desirable to design new rates which would yield a gross revenue substantially 5 per cent greater than the gross revenue expected from present rates, and to place such rates in effect with a discount of 5 per cent. This procedure will result in practically the same gross revenue to the company as from the present rates, and will lend itself readily to an adjustment of the rates when the Commission finds that the company has installed the improvements contemplated.

#### ORDER.

A public hearing having been held on the above consolidated matters, the Commission being apprised of the facts and the matter being under submission and ready for decision;

*It is hereby ordered, that:*

1. Alturas Electric Power Company charge and collect for electric service now supplied under filed schedules and special contracts, the rates set forth in Exhibit "A" attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before October 1, 1924, and to become effective with meter readings taken on and after October 5, 1924, and for flat rate service delivered on and after October 1, 1924.

2. Alturas Electric Power Company shall proceed immediately to make the necessary changes and additions to the production, structures and equipment, as will substantially improve the grade of service rendered, and in line with the principles outlined in the opinion preceding this order.

3. Each year, beginning with the calendar year 1924, Alturas Electric Power Company account to its reserve for accrued depreciation for an annuity calculated in accordance with the principles followed in the opinion preceding this order and also for interest at the rate of 6 per cent per annum upon the balance of its reserve for accrued depreciation on the first day of each year.

4. The effective date of this order shall be October 1, 1924.

Dated at San Francisco, California, this eighth day of September, 1924.

#### EXHIBIT "A."

##### SCHEDULE L-1.

(Canceling Schedules A and B.)

##### *General Lighting Service.*

Applicable to general domestic and commercial lighting service, including household appliances and single phase service to motor loads not to exceed 3 horsepower capacity.

*Territory.*

Entire territory served by the company.

*Rate.*

First	7 k.w.h. or less per meter per month-----	\$1 50
Next	43 k.w.h. per meter per month-----	10 per k.w.h.
Next	150 k.w.h. per meter per month-----	08 per k.w.h.
Next	300 k.w.h. per meter per month-----	06 per k.w.h.
All over	500 k.w.h. per meter per month-----	04 per k.w.h.

*Special Discount.*

The above rates and minimum charge are subject to a 5 per cent discount pending improvement of service and supplemental order of the Railroad Commission of the State of California.

*Special Conditions.*

(a) Single phase motors of an aggregate capacity of 3 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service, the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

**SCHEDULE L-2.**

(Canceling Schedule G.)

*Street and Highway Lighting.*

Applicable to service to existing street and highway lighting in Alturas, where fixtures are owned and maintained by the city, and necessary attachments are made to company poles.

*Flat Rate Service.*

Multiple lamps— Lamp rating	Monthly charge per lamp all night service
60 watts-----	\$0 90
75 watts-----	1 10
100 watts-----	1 40
150 watts-----	2 05
200 watts-----	2 75
250 watts-----	3 40
300 watts-----	4 10

*Special Discount.*

The above rates and minimum charges are subject to a 5 per cent discount pending improvement of service and supplemental order of the Railroad Commission of the State of California.

**SCHEDULE C-1.***General Heating and Cooking Service.*

Applicable to general domestic and commercial heating, cooking and/or water heating service.

*Territory.*

Entire territory served by the company.

*Rate.*

First	170 k.w.h. per meter per month-----	4.0 cents per k.w.h.
All over	170 k.w.h. per meter per month-----	2.5 cents per k.w.h.

*Minimum Charge.*

Fifty cents per month per kilowatt of connected load, but not less than \$3 per month.

When the consumer signs a contract for service for a period of one year, the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the accumulative minimum charges.

*Special Discount.*

The above rates and minimum charges are subject to a 5 per cent discount pending improvement of service and supplemental order of the Railroad Commission of the State of California.

*Special Conditions.*

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load will be considered equivalent to one kilowatt of connected load in determining the minimum charge.

**SCHEDULE C-2.***Combination Domestic Service.*

Applicable to domestic combination lighting, heating, cooking and small power service where consumer permanently installs and uses appliances of at least 2 kilowatt capacity.

*Territory.*

Entire territory served by the company.

*Rate.*

First	30 k.w.h. per meter per month-----	12.0 cents per k.w.h.
Next	170 k.w.h. per meter per month-----	4.0 cents per k.w.h.
All over	200 k.w.h. per meter per month-----	2.5 cents per k.w.h.

*Minimum Charge.*

Fifty cents per month per kilowatt of connected load, but not less than \$3 per month.

When consumer signs a contract for service for a period of one year the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the accumulative minimum charges.

*Special Discount.*

The above rates and minimum charges are subject to a 5 per cent discount pending improvement of service and supplemental order of the Railroad Commission of the State of California.

*Special Conditions.*

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

**SCHEDULE P-1.**

(Canceling Schedule C.)

*General Power Service.*

Applicable to general commercial and industrial power service and to commercial heating and cooking service and rectifier service.

*Territory.*

Entire territory served by the company.

*Rate.*

Horsepower of connected load	Rate per kilowatt hour for monthly consumption of		
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	All over 100 k.w.h. per h.p.
2- 9 h.p. -----	5.0 cents	4.0 cents	2.0 cents
10-24 h.p. -----	4.5 cents	3.3 cents	2.0 cents
25-49 h.p. -----	3.8 cents	2.8 cents	2.0 cents
50 h.p. and over -----	3.2 cents	2.5 cents	2.0 cents

*Minimum Charge.*

First 50 horsepower of connected load \$1 per horsepower per month, but in no case less than \$2 per month.

All over 50 horsepower of connected load 65 cents per horsepower per month.

*Special Discount.*

The above rates and minimum charges are subject to a 5 per cent discount, pending improvement of service and supplemental order of the Railroad Commission of the State of California.

*Special Conditions.*

(a) Connected load will be taken as the horsepower rating of the equipment used, which may at any one time be connected to the company's lines, but in no case less than 2 horsepower.

(b) Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

**SCHEDULE P-2.***Agricultural Power Service.*

Applicable to general agricultural service, including pumping, feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use excluding domestic cooking and lighting service.

*Territory.*

Entire territory served by the company.

*Rate.*

Annual demand charge per h.p.	Energy charge in addition to the demand charge Rate per k.w.h. for consumptions per h.p. per year of	
	First 1000 k.w.h. 1.5 cents	All over 1000 k.w.h. 1 cent
\$5.00		

In no case will the demand and energy charges be based on less than 5 horsepower of connected load.

*Special Discount.*

The above demand and energy rates are subject to a 5 per cent discount, pending improvement of service and supplementary order of the Railroad Commission of the State of California.

*Special Conditions.*

## (a) Payment.

The annual demand charge is payable in six equal monthly installments during the months of May to October, inclusive. The energy charge is payable monthly as energy is used.

## (b) Service year.

Under this schedule the service year shall commence with the regular meter reading taken in March and end with the regular meter reading taken in March of the succeeding year.

## (c) Charges for service begun or discontinued during the service year.

When the service is first begun or permanently discontinued during the service year the demand charge will be prorated according to the proportion of the six months season from April 1 to September 30, during which service is taken.

## (d) Credit for service at primary voltage.

When the consumer owns the transformers or otherwise receives service at the primary voltage, there will be allowed a discount from the annual demand charge of \$1.70 per horsepower.

**SCHEDULE P-3.**

(Canceling Schedule F.)

*Resale Service.*

Applicable to energy sold to Surprise Valley Electric Light and Power Company.

*Rate.*

First 5000 k.w.h. per month-----	3 cents per k.w.h.
All over 5000 k.w.h. per month-----	2 cents per k.w.h.

*Minimum.*

\$100 per month.

*Special Discount.*

The above rate and minimum charge are subject to a 5 per cent discount pending improvement of service and supplementary order of the Railroad Commission of the State of California.

*Special Conditions.*

Energy to be metered at power plant switchboard.



## DECISION No. 14023.

IN THE MATTER OF THE APPLICATION OF BELVEDERE WATER CORPORATION FOR AUTHORITY TO ISSUE AND SELL CERTAIN OF ITS FIRST MORTGAGE SIX AND ONE-HALF PER CENT BONDS.

Application No. 10374.

Decided September 8, 1924.

*Gibson, Dunn and Crutcher, by R. L. North and H. F. Prince, for Applicant.*

BY THE COMMISSION.

## OPINION.

In this application Belvedere Water Corporation asks permission to issue \$250,000 of its first mortgage Series "B" bonds and \$155,000 of its common capital stock for the purpose of paying indebtedness, of financing the cost of acquiring properties from Janss Realty and Finance Company and of constructing extensions, additions and betterments, as hereinafter set forth.

By Decision No. 12299, dated July 3, 1923, in Application No. 9015, the Commission authorized the transfer of the properties of Belvedere Water Company and of the utility properties of Janss Investment Company to Belvedere Water Corporation, and the execution of a mortgage or deed of trust and the issue of \$300,000 of bonds, \$125,000 of 7 per cent preferred stock and \$220,000 of common stock by Belvedere Water Corporation. The order of the Commission permitted the company to sell its bonds at not less than 94 per cent of face value and to deliver \$225,533 of the proceeds, and the preferred and common stock, in payment for the properties of Belvedere Water Company and of Janss Investment Company, and to use the remaining proceeds from the sale of its bonds, amounting to \$56,467, to finance the cost of additions and betterments. It appears that the properties have been transferred, the mortgage executed and the stock and bonds issued for the purposes indicated in the order.

Applicant's mortgage, as executed to Citizens Trust and Savings Bank, Trustee, secures the payment of an authorized issue of \$1,000,000 of first mortgage bonds, of which \$300,000 are designated Series "A," \$250,000 Series "B," \$250,000 Series "C" and \$200,000 Series "D." The \$300,000 of Series "A" bonds issued pursuant to Decision No. 12299, and the Series "B" bonds herein applied for, are dated January 1, 1923, mature January 1, 1944, bear interest at 6½ per cent per annum, and are callable at 105 and accrued interest, if redeemed on or before January 1, 1933; at 104 and accrued interest if redeemed thereafter and on or before January 1, 1938; and at 103 and accrued interest if redeemed thereafter.

The company asks permission to sell the \$250,000 of Series "B" bonds at not less than 94 per cent of face value plus accrued interest,

netting it at least a total selling price of \$235,000. It intends to use \$139,437.85 of the proceeds to finance the estimated cost of additions and betterments it proposes to make, and to use \$95,562.15 to pay indebtedness due Janss Investment Company for cash advanced to applicant and used for construction purposes. Of the \$155,000 of stock it asks permission to deliver \$55,000 to Janss Investment Company in payment for cash advances of \$54,691.06 used by applicant for construction purposes, and to deliver \$100,000 to Janss Realty and Finance Company in payment for certain water properties constructed or installed by Janss Realty and Finance Company.

Belvedere Water Corporation operates in what is termed the Eastside District of Los Angeles, serving the districts known as Boyle Heights, Belvedere, Laguna and Belvedere Gardens. It is reported that the rapid increase in population and industrial development in this and adjacent territory has necessitated the construction of extensive additions and betterments not only by it, but by Janss Realty and Finance Company. The properties installed by Janss Realty and Finance Company have been used and operated by applicant and have become an integral part of applicant's system. It is now thought that the acquisition of these properties by Belvedere Water Corporation, applicant herein, will materially benefit the district and will aid in its development and will result in some economies in operation.

The record indicates that the cost of the systems installed by Janss Realty and Finance Company was \$222,406. Applicant has paid \$44,453.10, leaving a balance due of \$177,952.90. In full payment for the balance Janss Realty and Finance Company has agreed to accept \$100,000 of common stock of applicant and to transfer the properties free and clear of indebtedness. With the acquisition of the properties of Janss Realty and Finance Company, applicant's operations will be extended to the districts known as City Terrace, Belvedere Gardens Square, Bandini Units, Culver Tract, Winter Park and Masonic Tract.

Applicant reports that subsequent to January 1, 1923, and prior to June 1, 1924, there has been expended for additions to and betterments of its system the sum of \$198,823.29, and that during the same period there was retired from the fixed capital account the sum of \$9,975.20, leaving net additions and betterments of \$188,848.09. Deducting from this amount the sum of \$56,467 obtained from the bonds sold pursuant to Decision No. 12299, there is left the sum of \$132,381.09. To this amount there is added \$21,568.20 for materials and supplies and \$36,417.67 for construction work in progress, making a total of \$190,366.96, as of June 1, 1924, against which no securities have been issued.

In addition to these expenditures, applicant reports that it is necessary and desirable to expend \$139,437.85 for additional facilities in

order to properly take care of the demand for service. Adding the \$139,437.85 and the \$190,366.96 to the \$222,406 which represents the cost of the properties to be acquired from Janss Realty and Finance Company, gives a total of \$552,210.81 representing the cost of properties to be acquired by applicant through the issue of the \$405,000 of securities, consisting of \$155,000 of stock and \$250,000 of bonds.

As of June 30, 1924, applicant reports a credit balance in its reserve for accrued depreciation of \$11,839.83. In Exhibit "B," which is a report prepared by Chester H. Loveland, consulting engineer, it is estimated that the depreciation annuity, computed for all depreciable properties of applicant and for those to be acquired by it, is \$12,216.37, and that the credit balance in the reserve for accrued depreciation should be \$65,683.44, had proper amounts been set aside. This sum, it appears, is determined by applying the depreciation annuity over the period of years equal to the actual age of each structure and adding thereto interest compounded on these sums at the rate of 6 per cent per annum. Applicant will issue a lesser amount of stock for the properties which it will acquire from Janss Realty and Finance Company than the reported cost of such properties. The difference between the cost of such properties and the amount of stock issued applicant intends to credit to its reserve for accrued depreciation, bringing such reserve up to at least \$65,683.44. There is no objection to this procedure, but under no circumstances may any of the excess cost be credited to unappropriated surplus.

#### ORDER.

Belvedere Water Corporation having applied to the Railroad Commission for permission to issue \$250,000 of bonds and \$155,000 of common stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that Belvedere Water Corporation be and it is hereby authorized to issue and sell, on or before December 31, 1924, at not less than 94 per cent of face value plus accrued interest, \$250,000 of its Series "B" first mortgage 6½ per cent bonds and to use approximately \$139,437.85 of the proceeds to finance the cost of the proposed additions and betterments described in Exhibit "B" and referred to in the foregoing opinion, and \$95,562.15 of the proceeds to pay in part indebtedness due Janss Investment Company.

*It is hereby further ordered*, that Belvedere Water Corporation be and it is hereby authorized to issue on or before December 31, 1924, \$155,000 of its common capital stock and to deliver \$100,000 of such

stock in payment of the properties of Janss Realty and Finance Company, to which reference is made in the foregoing opinion, and to deliver \$55,000 of such stock in part payment of indebtedness due Janss Investment Company.

The authority herein granted is subject to further conditions as follows:

1. Applicant may credit its reserve for accrued depreciation with the difference between the cost of the properties which it intends to acquire from Janss Realty and Finance Company and the stock issued in payment therefor.

2. Applicant shall keep such record of the issue and sale of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted to issue stock will become effective upon the date hereof, but the authority to issue bonds will become effective only when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$250.

Dated at San Francisco, California, this eighth day of September, 1924.

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#### DECISION No. 14035.

IN THE MATTER OF THE APPLICATION OF J. A. BOYD AND R. C. SMITH, COPARTNERS OPERATING UNDER THE FICTITIOUS NAME OF PARLOR CAR TOURS, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOTIVE STAGE LINE AS A COMMON CARRIER OF PASSENGERS AND BAGGAGE BETWEEN SAN FRANCISCO AND LOS ANGELES.

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Application No. 9936.

Decided September 10, 1924.

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*Derlin and Brookman*, by *Douglas Brookman*, for Applicants.

*Warren E. Libby*, for Pickwick Stages, Northern Division, and Packard Stage Line, Protestants.

*H. W. Kidd*, for Motor Transit Company, Protestant.

*John Hancock*, for California Transit Company and Valley Transit Company, Protestants.

*F. E. Watson* and *F. W. Mielke*, for Southern Pacific Company, Protestant.

*J. E. McCurdy*, for Auto Transit Company, Moon and Simons and J. S. Nickolls, Protestants.

SHORE, *Commissioner*.

#### OPINION.

The instant application, as amended, is a petition filed on behalf of J. A. Boyd and R. C. Smith, copartners operating under the fictitious name of Parlor Car Tours, in which they seek a certificate declaring

that public convenience and necessity require the operation by them of an automotive stage line as a common carrier of passengers and baggage between Los Angeles and San Francisco, California. It is not proposed to serve any of the intermediate points en route.

Public hearings in the above entitled proceeding were held on June 5th, 6th, 16th, 17th, 19th, 27th and 28th, 1924, at Los Angeles and San Francisco, the matter has been duly submitted and is now ready for decision.

The service proposed to be rendered by applicants will consist of a three-day trip, leaving each terminus once each week, over the following route: Cars leaving Los Angeles at 8 a.m., arriving at Santa Barbara for lunch, staying over night in Santa Barbara, leaving there the second day at 8 a.m., lunching at Paso Robles, arriving at Del Monte for dinner, staying there over night, leaving the following day at 8 a.m., arriving at Santa Cruz for lunch, continuing thereafter through the Big Trees on into San Francisco. The schedule southbound will also consist of a three-day trip, leaving San Francisco at 8 a.m., proceeding through the Big Trees, arriving at Santa Cruz for lunch, continuing to Del Monte for dinner, remaining there over night and continuing the following morning at 8 a.m., arriving at Paso Robles for lunch and continuing thereafter to Santa Barbara, arriving there for dinner and remaining over night, continuing the following morning at 9 a.m., and arriving in Los Angeles at 6 p.m.

The northbound schedule will leave Los Angeles on Tuesday of each week; the southbound schedule will leave San Francisco on Friday of each week.

Applicants propose to operate in such service only 18- or 21-passenger Fageol six-cylinder parlor cars, with individual chairs and equipped with Westinghouse air brakes. The rate to be charged will be the sum of \$47.50, of which amount \$27.50 will be charged for transportation and the balance for hotels and meals en route. Applicants stipulated during the hearing that they would not under any circumstances transport passengers to or from any intermediate points but would only sell a single class of ticket, namely at the rate of \$47.50 and should a passenger desire to leave the car at any point en route prior to arrival at terminus, no refund would be given upon the unused portion of the ticket.

The application was protested by Pickwick Stages, Northern Division, Inc., which company operates stages between San Francisco and Los Angeles over the coast route identical with the route proposed to be followed by applicants, with the exception that upon leaving Salinas the Pickwick Company operates through Gilroy and San Jose to San Francisco over the Peninsular highway while applicants propose to turn off the highway, running through Del Monte and Santa Cruz, through

the Big Trees, thence over the Los Gatos and Peninsular highways into San Francisco.

The application was also protested by Southern Pacific Company, which operates trains between the same termini over the coast and valley routes, and by Motor Transit Company, Valley Transit Company and California Transit Company, which three companies jointly operate stage service between the termini of Los Angeles and San Francisco but not over the coast route, their operations being conducted via the valley route, and at no time do they touch any of the intermediate points through which the cars of applicants will be operated. Other protestants were: Auto Transit Company, operating between San Francisco and Santa Cruz; Moon and Simons, operating between Santa Cruz, Del Monte and Salinas; J. S. Nickolls, operating between Watsonville and Hollister; and Packard Stage Line, operating between Los Angeles and Bakersfield by way of Mojave and Tehachapi and having on file joint through rates with valley operators north of Bakersfield to San Francisco.

In view of the fact that the service proposed by applicants herein is to be primarily a service rendered in such manner as to afford patrons of the line an opportunity to view the various scenic and historic places along the coast route, including a number of old missions, the Seventeen Mile Drive, Santa Cruz Big Trees, etc., the protestants most directly affected by the proposed service would include only Pickwick Stages, Northern Division, Inc., Southern Pacific Company and Auto Transit Company, for it can clearly be seen, in view of the rate charged by applicants, namely \$47.50, of which \$27.50 covers transportation charge, such service would detract very little, if any, patronage from the stage lines operating over the ridge route and the San Joaquin Valley or the line operating between Los Angeles and Bakersfield via Mojave.

The through rate of Pickwick Company and the joint valley lines, San Francisco to Los Angeles, is \$12.85, with a round trip rate of \$20.50 with a thirty-day return limit, a round trip rate of \$22.50 with a sixty-day return limit and a round trip rate of \$25 with a ninety-day return limit. These stage lines also offer two classes of schedules; one schedule being operated through in a day, the other taking two days to complete the trip. Liberal stopover privileges are also permitted en route.

The Southern Pacific Company operating over the coast route quotes varying rates or fares, depending upon the class of train chosen. These trains include routing via Del Monte, daylight trains and sleepers, leaving San Francisco either in the morning and arriving at Los Angeles in the evening or leaving San Francisco in the evening and arriving at Los Angeles the following morning. This company also gives very liberal stopover privileges at various points en route.

A considerable number of witnesses were called in behalf of both applicants and protestants, such witnesses being chiefly officials or employees of various travel bureaus or information bureaus located in San Francisco and Los Angeles. Their testimony varied in some respects as to the public demand for the service proposed by applicants, but the preponderance of testimony was to the effect that the tourist travel has sought and would avail itself of a service such as proposed if it were in operation. Such tourists are in the main of a well-to-do class and do not desire to travel on regular commercial stages such as those operated by protestant stage companies, and in view of the fact that there is no such existing service as that proposed by applicants they would be required to either hire private touring cars or go by train, stopping over at the several points of interest for sightseeing purposes.

R. C. Smith, one of the copartners applicant herein, has been engaged for some time past in the operation of parlor car sightseeing cars from Los Angeles to various points of interest in southern California, such as San Diego, Riverside, Santa Barbara, Hollywood and beach points, and his testimony was to the effect that his experience in this class of business convinces him that the service as proposed under the present application would prove of great benefit to tourist travel and that a material demand exists for its establishment. J. A. Boyd, the other applicant herein, has also had considerable experience in the operation of tourist sightseeing service in and about the city of San Francisco and his testimony as to the demand for the class of service herein proposed was in the main similar to that of Mr. Smith.

The demand for this service was further borne out through the statements of counsel for Pickwick Stages, Northern Division, Inc. Counsel for this protestant stated at one of the public hearings that his company had been making an investigation as to whether or not a public demand existed for such service as is proposed herein, that such investigation had extended over a period of several years and that they have recognized such demand to the extent that they have planned within a short time to inaugurate a stage service over the coast route of the parlor car type proposed by applicants. Material consideration can not be given to the protestant who appears before this Commission in opposition to the granting of a certificate for the establishment of a service, the requirement of which protestant has known to exist for a period of time but has failed to meet and only offers to render such a service after another prospective operator has offered the service.

Attention was called in this proceeding to the character and condition of some of the equipment used over the coast route by protestant Pickwick Stages, Northern Division, Inc., a comparison being made with the more improved equipment of certain other motor transporta-

tion companies in this state. Most of the equipment used by this protestant carrier was originally produced prior to 1918, but it is claimed by its president, Mr. Wren, that the bodies were entirely reconstructed since purchase and that practically all that is left of the original equipment is the motor engines. At the same time Mr. Wren stated that they were constantly seeking to improve their equipment.

It would appear that while the service offered by applicant herein is in some respects entirely different from that of protestant Pickwick Company, the operation of the modern high class safety coaches proposed by applicants over the same route should have a tendency to improve the existing service as to character and condition of equipment. In fact the statement made on behalf of Pickwick Company that recently new equipment of the type proposed to be used by applicants had been ordered by that carrier (apparently since the beginning of this proceeding) would seem to indicate that competition in quality of service in this respect may accrue to the public benefit.

The evidence in this proceeding did not show that the applicants' proposed operations would involve any serious degree of competition with the stage companies operating between Los Angeles and San Francisco by the valley route, and that any competition for through traffic would more directly apply to the operations of Pickwick Stages over the coast route. Even here, however, it is to be noted that the records of Pickwick Stages show that less than 7 per cent of its passengers hauled over this route are through passengers from Los Angeles to San Francisco, while on the other hand perhaps 33 per cent of its revenues from operations on this route are derived from these through traffic passengers.

This protestant carrier, Pickwick Stages, and other protestants operating over the valley route were required to file in this proceeding certain financial statements relating to their operations between Los Angeles and San Francisco. As a further part of this proceeding the Commission, through its accounting department, made an inspection of the books of some of these companies. In view of the fact that the Commission regards the interests of the valley route companies as only remotely involved in this proceeding, no statement needs to be made herein affecting their financial condition except perhaps to point out that in the business done by the Motor Transit Company in 1923 about 72 per cent of that company's entire operating profits came from its operations between Los Angeles and Bakersfield, which is the portion of its business claimed by that carrier to be affected by the proposed operations of applicants herein.

While it is difficult for the Commission to get at an accurate valuation of the operative property of Pickwick Stages, Northern Division, or to make an adequate check of its estimated cost of maintenance, in view



of the fact that practically all of its equipment has been reconstructed and its maintenance work done by a separate affiliated company, Pickwick Stages, Incorporated, on a cost plus basis of charges, and it would involve an intricate investigation to completely check those accounts, yet assuming the reasonableness of those charges as shown in the records of Pickwick Stages, Northern Division, we find a capital investment at cost as of April, 1924, by this company of \$281,312 with accrued depreciation amounting to \$61,097. The profit of the whole business for the year 1923 was \$46,448. This shows a return on undepreciated value of property of 16.5 per cent or a return on the depreciated value of 21.09 per cent. These facts are recorded for the purpose of showing that with only 7 per cent of its passenger traffic being through traffic from Los Angeles to San Francisco and with a profitable return on its capital investment of 16 to 21 per cent, this carrier does not appear to show reasonable grounds for resisting the comparatively slight element of competition with its business that would be involved in the proposed through operations of the applicants, in the face of the apparent public convenience and necessity that would be served by their proposed operations.

After a careful review of the evidence and exhibits submitted in this proceeding, we are of the opinion and hereby find as a fact that public convenience and necessity require the establishment of service as proposed by applicants herein and a certificate will be granted as applied for, with the understanding that before service is commenced applicants shall prepare and submit for the approval of the Commission rules and regulations in accordance with various stipulations entered into at the hearings herein, and in accordance with statements of applicants as to the nature of the service proposed and the conditions under which such service is proposed to be given.

Among other things it will be required that such rules and regulations shall provide that service be rendered with equipment consisting solely of 18- or 21-passenger, individual set, parlor car busses; that only one fare, namely \$47.50, shall be charged for the through trip, which fare shall permit of no stopovers whatsoever en route; that no tickets shall be sold along the route covered by such operation except at the termini; that the time of the trip shall not be less than three days, the schedule proposed by applicants herein. Such rules shall further provide for the amount of baggage which will be carried free on each single ticket and what charge shall be made for baggage in excess of the free weight limitation. Further, that no additional charge shall be made for hotels or meals occasioned by delays, whether or not due to the fault of the applicants, when such delays do not exceed twenty-four hours. Provision shall further be made for half fare rates for children and free transportation for babies in care of parents or guardians, such rates to

conform to the statements of applicants made at the hearings herein. The time schedule of applicants shall also provide that cars shall leave each terminus at least once each week during the entire year and that service shall not be abandoned temporarily due to weather or other conditions unless the highway over which service is given shall become impassable for motor vehicles of the type proposed to be operated by applicants.

I submit the following form of order.

#### ORDER.

Public hearings having been held in the above entitled matter, evidence introduced, the matter submitted and the Commission being fully advised:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by J. A. Boyd and R. C. Smith, copartners operating under the fictitious name of Parlor Car Tours, of an automotive stage line as a common carrier of passengers and baggage between San Francisco and Los Angeles, subject to the following conditions:

1. Service under the certificate herein granted shall be confined solely to the transportation of passengers between the termini above mentioned, no service whatsoever to be rendered to or from any intermediate point nor stopovers of any kind permitted; such service to be rendered over the route as specifically set forth in the amended application herein and at the rate and under conditions as more fully set forth in the opinion preceding this order. Applicants shall file their written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from date hereof; shall file for the approval of the Commission rules and regulations in accordance with the statements contained in the opinion preceding this order within a period of not to exceed twenty (20) days from date hereof; tariff of rates and time schedules to be filed within a period of not to exceed twenty (20) days after approval of rules and regulations. service to be commenced within a period of not to exceed thirty (30) days from the time of approval of said rules and regulations.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by applicants herein unless such vehicle is owned by said applicants or is leased by them under a contract or agreement on a basis satisfactory to the Railroad Commission.

The foregoing opinion and order are hereby approved and ordered

filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this tenth day of September, 1924.

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DECISION No. 14038.

IN THE MATTER OF THE APPLICATION OF CONSOLIDATED FURNITURE MOVING CORPORATION, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF FORTY-FIVE THOUSAND DOLLARS OF ITS CAPITAL STOCK.

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Application No. 10428.

Decided September 10, 1924.

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*Harry A. Encell and James A. Miller, by Harry A. Encell, for Applicant.*

BY THE COMMISSION.

**OPINION.**

In this application Consolidated Furniture Moving Corporation asks permission to issue, at 75 cents a share, 20,000 shares of its capital stock of the par value of \$1 each, and to deliver such stock to its incorporators in reimbursement of moneys expended for the use and benefit of applicant. The corporation further asks permission to issue and sell at 75 cents a share, 25,000 shares for the purpose of financing the cost of additional equipment.

Consolidated Furniture Moving Corporation was organized on or about December 11, 1923. The articles of incorporation of the company provide for an authorized capital stock of \$50,000, consisting of 50,000 shares of the par value of \$1 each, all common.

In Decision No. 13775, dated July 3, 1924, the Commission declared that public convenience and necessity require the operation by Consolidated Furniture Moving Corporation of an automotive truck line as a common carrier of household goods, furniture, pianos and other personal effects, including trunks and baggage over the following routes:

1. Between San Francisco, Oakland and Sacramento and intermediate points, via Vallejo.
2. Between San Francisco, Oakland and Sacramento and intermediate points via Tracy, Stockton and Lodi.
3. Between San Francisco and Santa Rosa and intermediate points via Sausalito, San Rafael and Petaluma.
4. Between San Francisco and San Jose and intermediate points via San Mateo and Palo Alto.

The authority granted to operate over these routes includes the right to transport the commodities authorized to be carried for compensation to points laterally over each and all of the routes mentioned for a distance not to exceed 25 miles on either side of the main highway traversed.

The order of the Commission provided, however, that the right to operate would not become effective until such time as the secretary of the corporation had filed a verified statement with the Commission to the effect that the sum of \$20,000 had been paid into the treasury of the corporation, or that the corporation had secured in its own name equipment to the value of \$20,000. On August 6, 1924, there was filed with the Commission an affidavit showing that Eli Schumacher, James Coughlin, Harry Gorman and Gus Temps, four of applicant's incorporators, had each subscribed for \$5,000 of stock and that they had in their possession signed subscriptions for additional stock in the amount of \$7,500. The affidavit further shows that the corporation has placed with Mack International Truck Corporation an order for six enclosed, steel, fireproof vans, costing approximately \$6,000 each, or a total of \$36,000, and that other equipment, consisting of pads, quilts, dollies, sliding boards and piano boards will cost approximately \$2,000, making a total investment of \$38,000. On August 30, 1924, the Commission made its supplemental order, Decision No. 13997, declaring that the certificates heretofore granted by Decision No. 13775 were made effective.

Applicant now asks permission to issue, at 75 per cent of par value, \$20,000 of its stock to reimburse its incorporators for additional amounts aggregating approximately \$15,000 said to have been expended by them. It is reported in the application and at the hearing that the incorporators, prior to obtaining permission to operate, expended approximately \$4,000 in investigating traffic conditions; approximately \$1,500 for the purpose of organizing the corporation, and for attorneys' and statutory fees; approximately \$3,500 in presenting applications to the Commission and for employing counsel; approximately \$2,000 for services and expenses in the operation of the company's business, and \$3,500 as a partial payment on two Mack trucks.

The company asks permission to sell the remaining \$25,000 of stock to pay in part the expenditures of \$38,000 for the purchase of the six trucks and other equipment hereinabove referred to.

Although applicant asks permission to sell its stock at 75 per cent of par value, it is of record that at least a portion of the \$27,500 of stock for which it is reported that subscriptions have been received, was subscribed for at par. Later it was concluded to offer the stock for sale at 75 cents per share (par value \$1), and reduce the price to those who had subscribed for at par, to 75 cents. The reduction was made on the theory that it would be easier to sell the stock if the purchaser were told that he need pay but 75 cents and receive dividends on par. It is of record that applicant's officers will endeavor to sell the stock to their associates and persons interested in the furniture moving business and that little, if any, expense will be incurred in such sales. The testimony shows that those

in charge of the business believe the earnings of the corporation will enable it to pay dividends at rate of 8 or 10 per cent per annum.

We do not believe that the record in this case justifies the Commission to make an order authorizing the sale of the stock at 75 cents. The Commission will authorize the issue of \$45,000 of stock which must be sold by the company for not less than par and the proceeds used for the purposes indicated in the following order:

**ORDER.**

Consolidated Furniture Moving Corporation having applied to the Railroad Commission for permission to issue \$45,000 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted only as herein provided, and that the money, property or labor to be procured or paid for by such issue of stock is reasonably required by applicant;

*It is hereby ordered*, that Consolidated Furniture Moving Corporation be and it is hereby authorized to issue, at par, \$15,000 of its common capital stock to its incorporators in payment and in reimbursement of moneys expended for its use and benefit, as outlined in the opinion preceding this order.

*It is hereby further ordered*, that Consolidated Furniture Moving Corporation be and it is hereby authorized to issue and sell for cash at not less than par, \$30,000 of its common capital stock and to use the proceeds to finance in part the cost of the trucks and other equipment to which reference is made in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof, but under such authority no stock may be issued subsequent to February 28, 1925.

Dated at San Francisco, California, this tenth day of September, 1924.

## DECISION No. 14042.

IN THE MATTER OF THE APPLICATION OF THE KEY SYSTEM TRANSIT COMPANY, A CORPORATION, FOR AN ORDER PERMITTING THE ESTABLISHMENT OF A PASSENGER FARE OF THIRTY-SIX CENTS FROM SAN FRANCISCO TO OAKLAND AND RETURN, INCLUDING AN ADMISSION TICKET TO IDORA PARK.

Application No. 10181.

Decided September 11, 1924.

**RATES—ELECTRIC RAILWAY—AMUSEMENT TICKETS.**—The Commission can not permit transportation utility to contribute from the transportation collection to a selected group of patrons accommodations furnished by a corporation not under its jurisdiction. The application for authority to sell round trip tickets, San Francisco to Oakland, including admission to Idora Park, is denied. Such sale is also held discriminatory to other cities served by applicant.

*Morrison, Dunne and Brobeck*, by *H. A. Judy*, for Applicant.  
*Arthur Strehlow*, for Neptune Beach Company, Protestant.

SEAVEY, Commissioner.

**OPINION.**

The above numbered application of the Key System Transit Company, hereinafter referred to as applicant, seeks authority to file a tariff establishing a round trip fare for the transportation of passengers from San Francisco to Oakland (fifty-fifth street and Telegraph avenue) of 36 cents, which fare includes an admission ticket to Idora Park, having a value of 10 cents.

This proceeding is the result of the Commission rejecting, under date April 28, 1924, applicant's Local Excursion Tariff No. 4, C. R. C. No. 6, which tariff, containing the proposed fare, was issued to become effective April 30, 1924, and to expire November 2, 1924.

The rejection of the tariff followed protests from the city of Alameda and the Alameda Park Company, which protests were based upon the grounds that the round trip charge of 36 cents, including a ticket to Idora Park, created an unlawful discrimination and was in violation of section 21, article XII, of the state constitution, and section 19 of the Public Utilities Act.

Section 21, article XII, of the constitution of this state provides:

No discrimination in charges or facilities for transportation shall be made by any railroad, or other transportation company between places or persons, or in the facilities for the transportation of the same classes of freight or passengers within this state.

The Public Utilities Act, section 19, provides:

No public utility shall, as to rates, charges, service, facilities, or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service or facilities or in any other respect, either as between localities or as between classes of service. The Commission shall have the power to determine any question of fact arising under this section.

Applicant operates an interurban service between San Francisco and points located in Alameda County and in Contra Costa County, the principal communities being Oakland, Emeryville, Berkeley, Albany, San Leandro, Hayward, Richmond and San Pablo. The one-way fare is 18 cents between San Francisco and all points located in Alameda County districts embraced in Routes Nos. 1 to 10, inclusive, terminating at Berkeley, Bancroft way, North Brae, Albany, Claremont, Piedmont avenue, Broadway, Third avenue and East Eighteenth street, Forty-first avenue, and Trestle Glen.

Applicant also publishes, between Oakland and certain interurban points, a fare of 18 cents, the most important communities being Hayward, Richmond (Twentieth street West), Point Richmond, San Pablo and East Richmond. All persons traveling between these last named points and Idora Park, Oakland, are required to pay a one-way fare of 18 cents, or 36 cents for the round trip, and in addition thereto must pay the 10 cents admission to Idora Park, thus making a total charge of 46 cents, as compared with a charge of but 36 cents against persons traveling from San Francisco to Idora Park (Oakland). This is the discrimination alleged to be in violation of the state constitution and the Public Utilities Act protested by the interested parties and communities.

Testimony was introduced by applicant to show that prior to the year 1924 similar tariffs had been issued and that a certain volume of business had been created between San Francisco and Idora Park advantageous not only to the carrier, but also to the park management.

Idora Park is a pleasure resort located between Fifty-sixth and Fifty-eighth streets and Telegraph and Shattuck avenues in the city of Oakland, comprises approximately seventeen acres of land and has a value estimated at \$900,000. The park has been in operation for some twenty-five years and embraces in its activities all of the features usually found in amusement parks, such as a fresh water swimming pool, roller coaster, scenic railway, merry-go-round, skating rink, etc.

Exhibits were introduced giving the number of passengers carried on the line serving Idora Park. These exhibits show that for the month of May, 1923, there were sold 3490 Idora Park tickets (36 cents, including admission to the park), and that during the same month there were sold 38,543 one-way 18-cent fares to other passengers using this line, making the total number of passengers for the month of May, 1923, 42,033. For the month of May, 1924, during which time the special round trip Idora Park tickets were not on sale, the total number of 18-cent fares sold was 41,377, a reduction in the number of passengers over May, 1923, of only 656. Just what influence the withdrawal of the Idora Park tickets had on this total for the month of May, 1924, can only be surmised, but it appears improbable that people would forego

the outing trips to Idora Park because of the change requiring payment of the 10 cents park admission. This conclusion seems consistent in view of the fact that a 46-cent charge, including park admission, is not in excess of the cost at other amusement points around San Francisco Bay.

The Interstate Commerce Commission, acting under the provisions of section 3 of Interstate Commerce Act, a section similar to section 19 of the Public Utilities Act, has ruled (Tariff Circular 18-A, paragraph (h), Rule 34) as follows:

The Commission has decided that a joint fare may not be made with a carrier that is not amenable to the act. Therefore tariffs containing fares applying in connection with stage routes which include hotel accommodations or admission to entertainments must separately show the carrier's portion of such fares, and such portions of fares must be alike to all, regardless of whether or not passenger purchases ticket for stage line or desires the other accommodations mentioned.

The importance of Idora Park as an attraction on the rails of the Key System Transit Company is established; that it yields applicant revenue it would not otherwise receive can not be denied, but this does not justify the sale of transportation from San Francisco including admission to the park, and contributing from the transportation collection to a selected group of patrons accommodations furnished by a corporation not under the jurisdiction of this Commission.

If in the sale of tickets to Idora Park applicant can provide, without additional cost to the passenger, something entirely foreign to the transportation services, there is no reason why a like grant or concession for almost any purpose should not be extended to all points where people congregate for amusement or recreation.

It follows that this Commission, having no jurisdiction over Idora Park, should not under the provisions of the Public Utilities Act authorize or permit applicant to enter into a joint arrangement whereby the transportation sold includes nonutility accommodations. Applicant must publish in its tariffs only the passenger fares, leaving to the traveler the right and freedom to select desired amusement features independent of the transportation costs.

We also find there would be discrimination against passengers traveling to Idora Park from other communities on applicant's rails, such as Hayward and Richmond, where the one way fare is 18 cents, round trip 36 cents, to which must be added the admission charge of 10 cents, a total of 46 cents, as compared with the proposed 36-cent charge from San Francisco.

The application will be dismissed.

#### ORDER.

This application having been duly heard and submitted, full investigation of the matters and things involved having been had, and the



Commission having on the date hereof made and filed a report containing its findings, which said report is hereby referred to and made a part hereof;

*It is hereby ordered*, that the application in this proceeding be denied, and the proceeding is hereby dismissed.

Dated at San Francisco, California, this eleventh day of September, 1924.

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DECISION No. 14043.

IN THE MATTER OF THE APPLICATION OF W. T. ESTEP, E. J. WHITNEY AND HARRY L. PERSON FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY OF FURNISHING WATER ON THE MARAVILLA TRACT IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 10335.

Decided September 11, 1924.

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*Person and Rogers*, by *H. L. Person* and *G. D. Rogers*, for Applicants.

BY THE COMMISSION.

**OPINION.**

In the above entitled application W. T. Estep, E. J. Whitney and Harry L. Person ask for a certificate of public convenience and necessity covering the distribution and sale of water for domestic purposes to the residents on Tract No. 4824, Los Angeles County, commonly known and designated as the Maravilla Tract. The Commission is also asked to authorize the establishment of a schedule of rates set out in the application.

A public hearing in this matter was held before Examiner Williams at Los Angeles after due notice thereof had been given so that all interested parties might appear and be heard.

The testimony shows that the applicants purchased from the J. D. Millar Realty Company on or about July 24, 1924, the water system installed to supply water to residents on the above mentioned tract, and that the applicants herein have taken over all of the wells, pumping equipment and distribution system of the former owners and are now rendering service to consumers.

The J. D. Millar Realty Company has in the past been supplying water without charge to the residents of this tract, and the service has been inadequate and the water of very poor quality. The pumping equipment installed by the Millar Company was of insufficient capacity and of poor design, resulting in a very muddy condition of the water. The board of health of Los Angeles County made an examination of the system and forbade the continued use of the company's source of supply. Tank wagons were then employed by the Millar Company, and consumers were furnished a limited amount of water by this means.

The present applicants, after taking over the system, have installed a new well and new pumping equipment and are at the present time attempting to establish adequate and satisfactory service within the tract. There are now approximately 250 consumers and it was the intention of the Millar Company to supply these water users through fifty small standpipes connected to the distribution pipes.

The applicants herein state that it is their intention to install individual services to the consumers and to furnish first-class service. The installation of these individual services should be completed and placed in operation at the earliest possible moment.

The rates proposed in the application compare favorably with the rates charged by other utilities operating under similar conditions and are reasonable rates provided that adequate service be rendered.

No other public utility supplies water within this tract and no one appeared to protest the granting of this application.

Consideration of the evidence submitted leads to the conclusion that an application for a certificate of public convenience and necessity should be granted and that the establishment of the rate schedule proposed by applicants should be authorized, to become effective when an adequate supply of pure potable water is made available to the consumers on the tract.

#### ORDER.

W. T. Estep, E. J. Whitney and Harry L. Person, having made application to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed therein:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that W. T. Estep, E. J. Whitney and Harry L. Person operate a water system for the purpose of supplying domestic service to the residents in Tract No. 4824, Los Angeles County; and

*It is hereby ordered*, that W. T. Estep, E. J. Whitney and Harry L. Person be and they are hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to consumers:

#### *Domestic Flat Rates.*

- |  |        |
|--|--------|
| (1) For a $\frac{3}{4}$ -inch service attached to a 4-inch main, a monthly flat rate for residences, boarding houses or tenements of 5 rooms or less of----- | \$1 50 |
| For each additional room per month-----  | 25     |
| Additional for private barn or garage with not more than two horses or cows or one automobile, per month-----  | 50     |
| For each additional horse or cow per month-----  | 20     |
| For each additional automobile per month-----  | 50     |
| (2) Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per square yard per month-----   | 005    |

#### *Irrigation Rates.*

- |   |        |
|---|--------|
| A flat rate per hour for water delivered through a 2-inch hydrant attached to a 4-inch main of----- | \$0 75 |
|---|--------|

*Domestic Meter Rates.*

For 400 cubic feet of water or less.....	\$1 00
For 400 to 1000 cubic feet, per 100 cubic feet.....	20
For 1000 to 2000 cubic feet, per 100 cubic feet.....	15
All in excess of 2000 cubic feet, per 100 cubic feet.....	12

NOTE.—Meters may be installed at the option of the consumer or the company. When a meter is installed at the request of a consumer, a deposit may be required, such deposit to be returned to the consumer as a credit on monthly bills at a rate of one-twentieth (1/20) of the deposit per month. The following deposits may be required:

For $\frac{1}{2}$ -inch meter .....	\$15 00
For $\frac{3}{4}$ -inch meter .....	20 00
For 1 -inch meter .....	25 00
For $1\frac{1}{4}$ -inch meter .....	45 00
For 2 -inch meter .....	70 00

*It is hereby further ordered*, that the rates herein established shall become effective only after a supplemental order of this Commission, which will be issued after applicants have demonstrated to the Commission that they are furnishing through individual service pipes an adequate supply of pure potable water to the consumers in Tract No. 4824, Los Angeles County.

*It is hereby further ordered*, that W. T. Estep, E. J. Whitney and Harry L. Person be and they are hereby directed to file with this Commission, within thirty (30) days from the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as twenty days from the date hereof.

Dated at San Francisco, California, this eleventh day of September, 1924.

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DECISION No. 14047

IN THE MATTER OF THE APPLICATION OF THE MENTONE WATER COMPANY FOR AUTHORITY TO INCREASE THE RATES FOR WATER SUPPLIED TO THE UNINCORPORATED VILLAGE OF MENTONE AND CONTIGUOUS TERRITORY.

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Application No. 10334.

Decided September 12, 1924.

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*Earl E. Finch*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Mentone Water Company, a corporation, asks authority to increase its rates for domestic water service supplied to consumers in the vicinity of Mentone, San Bernardino County.

The application alleges in effect that the present schedule of rates does not yield sufficient revenue to meet maintenance and operating expenses, depreciation annuity, and a fair return upon the investment.

A public hearing in this matter was held before Examiner Williams at Redlands. All of applicant's consumers were duly notified and given an opportunity to appear and be heard.

Reference is made to Commission's Decision No. 5016 for the history of the company and a description of the system. Applicant now serves about 86 consumers, of whom 76 are metered. The present rates charged for water delivered are as follows:

Flat rate for each connection per month.....	\$1 00
Metered rate for the first 800 cubic feet or less per month.....	1 00
For water used in excess of 800 cubic feet per month, per 100 cubic feet....	075

M. I. Reed, one of the Commission's assistant engineers, submitted a report covering the results of a field investigation of the system and a study of the utility's records. This report shows an estimated original cost of the system, not including water rights, of \$14,737 on June 1, 1924. A depreciation annuity, computed by the sinking fund method, was found to be \$248. The estimated future revenue at the present rates is \$1,600 and operating expenses are estimated as \$1,200 per annum.

This company is operating jointly with the Mentone Groves Company, which supplies irrigation water under private contract to the residents of Mentone, while applicant supplies the domestic water. In some cases the pipe lines are used by both companies but ownership in these jointly-used facilities rests in the Mentone Groves Company. The expenses, as shown by applicant in its annual reports to the Commission, are so closely interwoven with those of the Mentone Groves Company that it is difficult to determine the actual operating expense. Applicant states that the consumers of this system can not reasonably be expected to pay a rate which will provide a fair return upon the investment, and that such a rate is not desired at this time. Applicant suggested that the rate of \$1.50 per month for 1500 cubic feet and 5 cents for each additional 100 cubic feet would return to the company sufficient revenue to pay operating expenses and depreciation. This rate is less than the charges now in effect, provided consumers use more than 1500 cubic feet per month, and is not unreasonable for the service rendered.

#### ORDER.

Mentone Water Company, a corporation, having applied to the Railroad Commission for authority to increase the rates for water supplied to consumers in the vicinity of Mentone, San Bernardino County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully advised in the matter:

It is hereby found as a fact that the rates now charged by Mentone Water Company, a corporation, are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein

established are just and reasonable rates to be charged for the service rendered to consumers.

Basing the order upon the foregoing findings of fact and upon the statements of fact set forth in the preceding opinion;

*It is hereby ordered*, that Mentone Water Company, a corporation, be and it is hereby directed to file with this Commission on or before September 30, 1924, the following schedule of rates to be charged for all water delivered to consumers subsequent to that date:

*Flat Rate.*

Monthly flat rate for domestic service----- \$1 75

*Meter Rates.*

Monthly charge for 1500 cubic feet or less----- \$1 50

For each additional 100 cubic feet, per month----- 05

The effective date of this order is hereby fixed as October 1, 1924.

Dated at San Francisco, California, this twelfth day of September, 1924.

DECISION No. 14048.

IN THE MATTER OF THE APPLICATION OF THE CONSOLIDATED WATER AND DEVELOPMENT COMPANY FOR CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY TO FURNISH WATER ON THE EL SEGUNDO GARDENS TRACT, LAWDALE ACRES AND CYPRESS GARDENS AND FOR PERMISSION TO CHARGE CERTAIN RATES THEREFOR.

Application No. 10235.

Decided September 12, 1924.

*Person and Rodgers*, by *Harry L. Person*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In the above entitled application The Consolidated Water and Development Company, a corporation, requests authority to operate three public utility water plants and to distribute and sell water for domestic purposes to consumers located on Tract No. 7195, Los Angeles County, Tract No. 6578, Los Angeles County, and Tract No. 666, Orange County.

The applicant further asks that the Commission authorize the establishment of the schedule of rates attached to the application.

A public hearing in this matter was held in Los Angeles before Examiner Williams, after all interested parties had been duly notified and given an opportunity to be present and be heard.

The testimony shows that the applicant purchased the water systems supplying consumers on the above named tracts from W. T. Estep under authority of this Commission in Decision No. 13662, dated June 5, 1924. The system on Tract No. 7195, commonly known as the El Segundo

Gardens Plant, contains approximately 8000 feet of distribution pipe and supplies fifteen consumers; the Lawndale Acres Plant, supplying Tract No. 6578, contains approximately 7300 feet of pipe and supplies twenty-five consumers; the Cypress Gardens Plant, on Tract No. 666, contains approximately 8000 feet of pipe and at the present time supplies no consumers.

The rates requested in the application are reasonable as compared to the rates of other utilities operating in the vicinity and are the same as those authorized by this Commission in Decision No. 12368 for the Fairfax Park Tract and by Decision No. 12022 for the North Moneta Plant, which plants are also operated by the applicant. There are no other utilities operating in the vicinity of these tracts from which water service can be obtained, and no one appeared to oppose the granting of the application.

#### ORDER.

The Consolidated Water and Development Company, a corporation, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed therein:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require and will require that The Consolidated Water and Development Company, a corporation, operate a public utility for the purpose of furnishing water for domestic use for consumers located on Tract No. 7195, El Segundo Gardens, Los Angeles County; Tract No. 6578, Lawndale Acres, Los Angeles County; and Tract No. 666, Cypress Gardens, Orange County; and

*It is hereby ordered*, that The Consolidated Water and Development Company be and it is hereby directed to file with this Commission on or before September 30, 1924, the following schedule of rates effective for all water delivered to consumers subsequent to that date:

#### *Domestic Flat Rates.*

- |   |        |
|---|--------|
| (1) For a $\frac{1}{2}$ -inch service, a monthly flat rate for residences, boarding houses or tenements of 5 rooms or less, of..... | \$1 50 |
| For each additional room per month.....   | 25     |
| Additional for private barn with not more than two horses or cows or one automobile, per month.....                                 | 50     |
| For each additional horse or cow per month.....   | 20     |
| For each additional automobile per month.....   | 50     |
| (2) Sprinkling or irrigation of lawns, shrubbery, trees, gardens, etc., per square yard per month.....                              | 005    |

#### *Irrigation Rates.*

A flat rate per hour for water delivered through a 2-inch hydrant attached to a 4-inch main of.....\$0 75

#### *Domestic Meter Rates.*

For 400 cubic feet of water or less.....	\$1 00
For 400 to 1000 cubic feet, per 100 cubic feet.....	20
For 1000 to 2000 cubic feet, per 100 cubic feet.....	15
All in excess of 2000 cubic feet per 100 cubic feet.....	12

NOTE.—Meters may be installed at the option of the consumer or the company. When a meter is installed at the request of a consumer, a deposit may be required, such deposit to be returned to the consumer as a credit on monthly bills at a rate of one-twentieth ( $1/20$ ) of the deposit per month. The following deposits may be required:

For $\frac{1}{2}$ -inch meter	-----	\$15 00
For $\frac{3}{4}$ -inch meter	-----	20 00
For 1 -inch meter	-----	25 00
For 1½-inch meter	-----	45 00
For 2 -inch meter	-----	70 00

*It is hereby further ordered*, that The Consolidated Water and Development Company be and it is hereby directed to file with this Commission within thirty (30) days from the date of this order, rules and regulations to govern relations with its consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as October 1, 1924.

Dated at San Francisco, California, this twelfth day of September, 1924.

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#### DECISION No. 14054.

IN THE MATTER OF THE APPLICATION OF NORTHWESTERN PACIFIC RAILROAD COMPANY FOR PERMISSION TO CONSTRUCT A SECOND TRACK CROSSING CERTAIN STREETS AT GRADE BETWEEN SAN ANSELMO AND FAIRFAX, IN THE COUNTY OF MARIN, STATE OF CALIFORNIA.

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Application No. 10384.

Decided September 13, 1924.

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BY THE COMMISSION.

#### PRELIMINARY ORDER.

Northwestern Pacific Railroad Company, a corporation, filed the above entitled application with the Commission on the thirteenth day of August, 1924, asking for authority to construct a second track at grade across Saunders avenue and San Anselmo avenue, in the city of San Anselmo, and at grade across Fairfax lane in the unincorporated portion of the county of Marin, near Fairfax.

A public hearing was held on this application on September 11, 1924, before Commissioner Whittlesey at San Anselmo, and it appeared from the evidence introduced at said hearing that the proposed second track had then already been actually constructed at grade across said Saunders avenue, San Anselmo avenue and Fairfax lane, contrary to the provisions of law. It further appeared that said Northwestern Pacific Railroad Company was then operating its trains over said crossings, and that it had already changed the manner of operation of its trains over that certain other crossing heretofore constructed as a passing track at or near Engineer's Station 598, as shown on Exhibit "B"

attached to the application herein, in such a manner as substantially to increase the hazard to public travel over said several crossings.

It is our opinion that, pending a final determination of this proceeding, said crossings and each of them should be protected by human flagmen daily between the hours of 6 a.m. and 10 p.m. respectively, and this preliminary order will so provide.

*It is therefore hereby ordered*, that Northwestern Pacific Railroad Company be and it is hereby directed, subject to the further order of this Commission, forthwith to provide and maintain each day between the hours of 6 a.m. and 10 p.m., respectively, human flagmen at its sole expense for the protection of the crossings of its tracks across Saunders avenue, San Anselmo avenue, Fairfax lane, and that certain crossing located at or near Engineer's Station 598 as shown on Exhibit "B" attached to the above entitled application, pending such final determination as may be had in this matter, either regarding permission to construct said crossings, or regarding the permanent type of protection to be afforded thereat, if such construction be authorized.

Dated at San Francisco, California, this thirteenth day of September, 1924.

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DECISION No. 14059.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES AND SALT LAKE RAILROAD COMPANY, A CORPORATION, FOR AUTHORITY, UNDER THE PROVISIONS OF SECTION FORTY-THREE OF THE PUBLIC UTILITIES ACT, TO CONSTRUCT AND THEREAFTER TO MAINTAIN AND OPERATE A DOUBLE TRACK MAIN LINE RAILROAD FROM A CONNECTION WITH THE EXISTING MAIN LINE OF ITS SAN PEDRO BRANCH AT A POINT APPROXIMATELY ONE-HALF MILE NORTH OF BURNETT STATION; THENCE IN A GENERAL SOUTHWESTERLY DIRECTION OVER, ACROSS AND ALONG CERTAIN PUBLIC STREETS, HIGHWAYS AND OTHER PUBLIC PLACES, AND OVER AND ACROSS THE LINE OF RAILWAY OF THE PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, IN THE VICINITY OF WILLOWVILLE, AND OVER AND ACROSS THE RESPECTIVE LINES OF RAILWAY OF SAID PACIFIC ELECTRIC RAILWAY COMPANY AND THE SOUTHERN PACIFIC COMPANY, A CORPORATION, NORTHERLY OF ANAHEIM ROAD, TO A CONNECTION WITH ITS EXISTING LINE OF RAILWAY AT THE NORTHERLY END OF THE NEW DRAWBRIDGE CROSSING THE CHANNEL BETWEEN LOS ANGELES AND LONG BEACH HARBORS, THE WHOLE OF WHICH LINE WILL LIE WITHIN THE CORPORATE LIMITS OF THE CITY OF LOS ANGELES AND THE CITY OF LONG BEACH, AS RECENTLY EXTENDED.

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Application No. 9694.

Decided September 15, 1924.

*A. S. Halsted and Fred E. Pettit*, for Applicant.

*Jesse E. Stephens*, City Attorney, *Clyde M. Leach*, Assistant City Attorney, and *Milton Bryan*, Deputy City Attorney, for the City of Los Angeles and the Los Angeles Harbor Commission.

*J. W. Ludlow*, for the Los Angeles Board of Harbor Commissioners.

*Frank Karr*, for the Pacific Electric Railway Company.



*Burr A. Brown*, City Attorney; *C. H. Windham*, City Manager; *R. D. Van Alstyne*, City Engineer; and *C. A. Cover*, of the City Council, for the City of Long Beach.

*Hugh R. Pomeroy* and *George A. Damon*, for Regional Planning Commission.

*W. K. Barnard*, *Burt Heinley* and *F. P. Cole*, for the Greater Harbor Committee of Two Hundred of the Los Angeles Chamber of Commerce.

*E. E. East*, for the Los Angeles County Grade Crossing Committee.

*Samuel Storror*, for the Municipal League of Los Angeles.

*John R. Berryman*, for Automobile Club of Southern California.

*D. M. Crozman*, for Southern Pacific Company.

*Lou Johnson*, Secretary, for Wilmington Chamber of Commerce.

*M. W. Reed*, for The Atchison, Topeka and Santa Fe Railway Company.

*WHITTLESEY*, Commissioner.

#### OPINION.

In this application the Los Angeles and Salt Lake Railroad Company asks authority to construct and thereafter maintain and operate a double track main line railroad from a connection with its existing San Pedro branch at a point about one-half mile north of Burnett station, thence in a general southwesterly direction to a connection with its existing line of railway at the northerly end of the new Badger avenue drawbridge, crossing the channel between the Los Angeles and Long Beach harbors.

Public hearings were held in Los Angeles on March 26, 1924, May 7, 1924, and July 24, 1924, at which all interested parties were represented.

The San Pedro branch of the Los Angeles and Salt Lake Railroad, hereinafter called the railroad, passes through the city of Long Beach on Ocean boulevard and Alamitos avenue. Ocean boulevard is one of the principal business streets of Long Beach, and present traffic conditions make the existence of a steam railroad thereon very objectionable. Although the railroad contends that it has a perpetual right to operate on these streets, it has, after an extended period of negotiations, entered into an agreement with the city of Long Beach to remove its tracks from Ocean boulevard and a portion of Alamitos avenue, provided the city of Long Beach secures for it the necessary right of way for a substitute line.

In the original application this substitute line, as surveyed by the railroad company, diverted from the San Pedro branch at a point east of Ocean View avenue in the northerly portion of the city, on a curve to the right to a point about one hundred and twenty-five feet north of Arabella street and west of Atlantic avenue, thence west and parallel to Arabella street and Lillian street to Cedar street, where the line curved to the southwest, crossed the Flood Control channel of the Los Angeles River and continued in a straight line diagonally across Anaheim road, where it entered on private property of the railroad and continued thereon to a point near the Badger avenue drawbridge where the line curved to the south and connected with the existing branch line on the southerly side of the drawbridge.

In this application it was proposed to cross the following open and traveled streets in the city of Long Beach at grade: Atlantic avenue; Pasadena avenue; Elm street; Lynden street; Hill street; Ellis street; Nadeau street; Twentieth street; Summit street; Nineteenth street; Perris street; State street; Cota avenue; Seabright avenue; Hayes avenue; Seventeenth street; Reeve street; Gaylord street; Judson avenue; Burnett street.

It was proposed that the following streets in the city of Long Beach be crossed overhead: California street; Columbia street; Anderson street; American avenue; Pacific avenue; Willow street.

It was also proposed to cross the following streets which are at the present time dedicated, but not improved or open to public travel, in the city of Long Beach: West American avenue; Locust avenue; Pine avenue; Cedar avenue; Lillian street; Chestnut avenue; Eucalyptus avenue; Magnolia avenue; Daisy avenue; Main avenue; Golden avenue; Harrison avenue; San Francisco avenue; Pico street; Canal avenue; Nicholson street; Evans street; Paul Jones street; Electric avenue.

The application also proposed to cross Anaheim road in the city of Los Angeles at grade.

In addition to these public streets applicant proposed to cross Pacific Electric Railway tracks near American avenue overhead and the tracks of Southern Pacific Company and Pacific Electric Railway Company in the vicinity of Anaheim road at grade.

Most of the above named streets are not of any considerable importance, but a few are either already heavily traveled arteries or likely to become so in the future. American avenue is at present the only through street leading into Long Beach from the north and it carries a very heavy traffic. Plans are now under way to so improve Pacific avenue as to make it also an important outlet to the north. Later, it is expected that Perris street will also be made an important north and south street. Anaheim road is at present the only outlet of Long Beach to the harbor district and the west beach territory, and it is consequently one of the most seriously congested roads of southern California. It is planned to later improve Willow, Hill and State streets, as additional outlets to the west.

At the first hearing applicant introduced a revised profile (Applicant's Exhibit D-1) which provided for the following additional streets to be crossed overhead instead of at grade: Daisy avenue; Hill street; Perris avenue; State street.

The city of Los Angeles, the Los Angeles Board of Harbor Commissioners, and the Greater Harbor Committee of Two Hundred of the Los Angeles Chamber of Commerce objected to the location of that portion of the proposed line situated southwesterly from the beginning of the curve near Cedar avenue to the drawbridge west of Anaheim

road, and suggested an alternate line beginning near Cedar avenue, which would continue from that point west across the Flood Control channel to a point near Hayes avenue, where it would curve to the south and cross Anaheim road below grade in the vicinity of Dominguez slough.

Engineers for the Greater Harbor Committee of Two Hundred of the Los Angeles Chamber of Commerce testified that this alternate line would eliminate the danger and complications at the Daisy avenue skew overhead structure, where a freight line of the Pacific Electric Railway proposed to be built in Daisy avenue was to be crossed, and the nearby skew overhead crossing of Willow street; that the alternate line would cross the Flood Control channel and Perris avenue at right angles; that it would eliminate the necessity of the overhead crossings of Hill and State streets and that it would leave open to travel numerous other streets which would be cut in two by the diagonal line proposed by the railroad company. This alternate line would enter the railroad property at Dominguez slough adjacent to a line proposed for the entrance of the Santa Fe into the harbor district and described in this Commission's Decision No. 13663, rendered in Application No. 9712. Under this alternate plan, both railroads would be slightly depressed at the crossing of Anaheim road, and the road would be carried over the tracks on a viaduct.

The cost of the alternate line from Cedar street to the drawbridge was estimated at \$775,000 while the cost of the diagonal railroad line between the same points would be \$1,021,000. Both figures exclude an estimated cost of \$535,000 for the Anaheim road viaduct. This alternate route therefore appears to be less costly, less hazardous and more convenient to street travel than the route originally proposed by applicant.

At the hearing held on July 24, 1924, the Los Angeles and Salt Lake Railroad Company filed an amended application proposing the construction of the line substantially in the location of the alternate line described above, except that the new railroad line stops in its westerly course near Perris avenue, three blocks east of Hayes avenue, curves to the south and cuts the corner of Hill street, and passes longitudinally through the center of blocks 12 and 20 which lie on the east side of blocks K and L and north of Anaheim road.

Under this amended application it is proposed to cross the following streets in the city of Long Beach overhead: California avenue; Columbia street; Anderson street; American avenue; Pacific avenue; Daisy avenue.

The amended application contemplates the closing of all other northerly and southerly streets between American avenue and the easterly bank of the Flood Control, and proposes crossing at grade the

following streets in the city of Long Beach: Atlantic avenue; Pasadena avenue; Elm avenue; Perris avenue; Willow street.

The line as now proposed would also cross at grade a portion of the intersection of Hobson avenue and Hill street in the unincorporated portion of Los Angeles County, and Electric avenue in the city of Los Angeles. This last named street is a paper street not at present open to public travel.

In the amended application, as in the original application, it is proposed to cross the Pacific Electric tracks near Willowville overhead, and to cross the Southern Pacific Long Beach branch and the Pacific Electric Railway Long Beach-San Pedro line at grade with interlocking protection.

Applicant also now agrees that Anaheim road should be carried over the railroad on a viaduct, but pending the construction of this viaduct requests a temporary permission to cross Anaheim road at grade.

The city of Los Angeles had consented to such temporary construction of this line as now proposed at grade across Anaheim road, pending the completion of the viaduct. This viaduct, as proposed, would be a structure some 1400 feet long with six main spans, four of which would be of sufficient dimensions to each accommodate a double track railroad and two of which would be devoted to the carrying of drainage waters. It is contemplated that the city of Los Angeles will construct the Anaheim road viaduct, and the Los Angeles and Salt Lake Railroad Company has agreed to pay one-eighth of its cost. The city of Los Angeles has agreed that this is an equitable portion to be paid by this railroad, and it is understood that a separate proceeding will be instituted for the purpose of having detailed plans of the viaduct approved and the cost apportioned among all interested parties.

The city of Los Angeles raised certain objections to the construction of the approach to Anaheim road of this railroad line through blocks 20 and 12 instead of through blocks K and L to the west of blocks 20 and 12, as originally planned by the city. However, it appears that the public interests, in so far as safety and convenience are concerned, are not materially affected by the precise location of the crossing of Anaheim road and that the cost of the viaduct would be about the same if constructed anywhere in the approximate location proposed by applicant.

It will probably take about a year for the city to complete the Anaheim road viaduct, but it is doubtful if the railroad will be constructed to this point in a lesser time. It is, therefore, unnecessary at this time to grant any authority for a temporary grade crossing. If, however, when the construction of the railroad is well along, and such action appears proper in the judgment of the Commission, authority for such temporary grade crossing may be granted by supplemental order herein.

Applicant still proposes to cross Atlantic, Pasadena and Elm avenues at grade and to protect Atlantic avenue with an automatic flagman. Pasadena avenue extends only one block to the north of the proposed railroad line and in common with Elm avenue is crossed by the railroad on a ten-foot fill. As grade crossings, these two streets would require about seven per cent grades of approach. Although applicant proposes to cross these streets at grade, it would be more logical either to close Pasadena avenue and separate the grades at Elm avenue or to close both streets on account of the proximity of American and Atlantic avenues. It is believed that applicant can arrange to have the city of Long Beach vacate that portion of these two streets across the proposed railroad, and permission to construct crossings at these points will, for the time being, be withheld.

It would appear to be feasible to shift the surveyed line of railroad very slightly so as to miss the corner of the Hill street and Hobson avenue intersection, or else make this intersection itself into a curve, which would be more desirable. Permission to cross this intersection should therefore be withheld. The city of Long Beach desires that Perris avenue and Willow street be crossed on overhead structures. Applicant testified that these two grade separations could be constructed at any time in the future at practically no additional cost over what would be required at the present time in case vehicular traffic grew sufficiently large to demand such separation. These two streets would have to be separated at the same time and by the same method, on account of their proximity to each other. Testimony by the Regional Planning Commission shows that the money required for a bridge across the Flood Control channel at Willow street has been appropriated by the county supervisors and it is expected that the street will be opened, graded and graveled before the end of 1924. There was no evidence as to when either of these streets would be paved. These facts, taken in connection with the uncertainty as to how soon traffic conditions would justify the cost of grade separation at these two streets, lead to the conclusion that grade crossings should be authorized at these two streets at this time. They should each be protected by an automatic flagman. It may be expected, however, that this Commission will require grade separations of Perris avenue and Willow street at such time in the future as it may deem necessary.

The cost of constructing the various separated grade crossings that will be authorized in this decision should be assessed to the railroad, except for the two crossings at Daisy avenue and Anaheim road respectively. The matter of division of cost of the Anaheim road viaduct has been discussed above.

At Daisy avenue, provision must be made for crossing not only the street, but also the proposed railroad track of the Pacific Electric Railway, authorization for the construction of which is requested of this

Commission in Application No. 9760. Were it not for this proposed railroad track in Daisy avenue, the Salt Lake Railroad would be constructed with an overhead clearance above the street of fourteen feet, but on account of the proposed Pacific Electric track, this clearance is to be increased to twenty-two feet. It appears equitable, therefore, to assess the Pacific Electric Railway Company, if that company's track is authorized, with one-half of the excess cost of this structure, due to the providing an increase of clearance from fourteen feet to twenty-two feet, and to assess the applicant herein with the remainder of the cost of the Daisy avenue crossing.

It appears that the amended application should be granted substantially as applied for and subject to certain conditions as hereinafter set forth. The following form of order is recommended:

#### ORDER.

Los Angeles and Salt Lake Railroad Company, a corporation, having on January 14, 1924, filed with the Commission an application, and having on July 24, 1924, filed with the Commission an amendment to the application in which permission is sought to construct and thereafter to maintain and operate a double track main line railroad from a connection with the existing main line of its San Pedro branch at a point approximately one-half mile north of Burnett station, thence in a general southwesterly direction over, across and along certain public streets, highways and other public places, and over and across the line of railway of the Pacific Electric Railway Company, a corporation, in the vicinity of Willowville, and over and across the respective lines of railway of said Pacific Electric Railway Company and Southern Pacific Company, a corporation, northerly of Anaheim road, to a connection with its existing line of railway near the northerly end of the Badger avenue drawbridge crossing the channel between Los Angeles and Long Beach harbors, portions of which line lie within the corporate limits of the city of Los Angeles, the corporate limits of the city of Long Beach, and the unincorporated portion of the county of Los Angeles, respectively, public hearings having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that permission be and it is hereby granted Los Angeles and Salt Lake Railroad Company to construct and thereafter to maintain and operate a double track main line at grade across Atlantic avenue, Perris avenue, and Willow street, the more northerly and westerly track of which shall be located in the city of Long Beach, as shown on Exhibits "F," "G" and "H," respectively, filed in this proceeding, and at grade across Electric avenue in the city of Los Angeles, on a line parallel to and within one hundred feet of the location shown on said Exhibit "F," subject to the following conditions:

(1) Said crossings of Atlantic avenue, Perris avenue and Willow street in the city of Long Beach shall be constructed of a width and type of construction to conform to those portions of said streets now graded, with the top of rails flush with the pavement, and with grades of approach not exceeding four (4) per cent; shall be protected by suitable crossing signs, and shall in every way be made safe for passage there-over of vehicles and other road traffic. Said crossing of Electric avenue in the city of Los Angeles shall be constructed so that grades of approach not exceeding four (4) per cent will be feasible in the event that the construction of a roadway along said Electric avenue shall hereafter be authorized.

(2) An automatic flagman shall be installed and maintained at the expense of the applicant for the protection of said crossings at Atlantic avenue, Perris avenue, and Willow street, in the city of Long Beach. Said automatic flagman shall be of a type and installed in accordance with plans and data approved by the Commission.

(3) This order is made upon the express condition that Electric avenue in the city of Los Angeles is not now actually constructed and open to travel at the respective points of crossing, and said order shall not be deemed an authorization for the construction of an opening of said street to public use across said railroad tracks.

*It is hereby further ordered*, that permission be and it is hereby granted to Los Angeles and Salt Lake Railroad Company to construct its double track main line across California street, Columbia street, Anderson street, American avenue, Pacific avenue, and Daisy avenue in the city of Long Beach with overhead structures, subject to the following conditions:

(1) Said overhead crossings shall be constructed in the location as shown on Exhibit "F" filed in this proceeding.

(2) Said overhead crossings shall be constructed substantially as shown on Exhibit "G" filed in this application, and more specifically in accordance with detailed plans and specifications, which shall be hereafter approved by this Commission.

(3) Said crossings shall be constructed with clearances conforming to provisions of the Commission's General Order No. 26.

*It is hereby further ordered*, that permission be and it is hereby granted to Los Angeles and Salt Lake Railroad Company to construct its double track main line across Anaheim road in the city of Los Angeles, subject to the following conditions:

(1) The center line of applicant's tracks shall be constructed on a line parallel to and within one hundred feet of the location shown on Exhibit "F."

(2) Applicant's tracks shall be constructed under a viaduct to be erected by the city of Los Angeles, and in accordance with detailed

plans and specifications which shall be hereafter approved by this Commission, to carry said Anaheim road above tracks of applicant.

(3) Said crossings shall be constructed with clearances conforming to the provisions of the Commission's General Order No. 26.

*It is hereby further ordered*, that the costs of constructing the tracks of applicant over, under or across the public highways herein authorized shall be borne as follows:

(1) The entire expense of constructing and thereafter maintaining in good and first-class condition for the safe and convenient use of the public all of the crossings at grade across public streets and highway authorized herein shall be borne by applicant.

(2) The entire expense of constructing and thereafter maintaining the overhead crossings herein authorized at California street, Columbia street, Anderson street, American avenue, and Pacific avenue in the city of Long Beach, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public shall be borne by applicant.

(3) The expense of constructing and thereafter maintaining an overhead crossing at Daisy avenue shall be borne by applicant except that if and when the Pacific Electric Railway Company is authorized to construct its tracks in and along Daisy avenue under Application No. 9760 now pending before this Commission the excess cost of constructing an overhead crossing at Daisy avenue with standard 22-foot overhead clearance, over and above the cost of an overhead crossing with 14-foot overhead clearance, shall be borne equally by applicant and by the Pacific Electric Railway Company.

(4) One-eighth of the cost of constructing a viaduct with six bays or panels to carry Anaheim road above the tracks of applicant and over such other railroads as may be built through the viaduct in the future shall be borne by applicant, the remainder of the cost of said viaduct to be apportioned among the interested parties by subsequent order of this Commission in this or such other proceeding as may be subsequently instituted for the purpose.

*It is hereby further ordered*, that permission be and it is hereby granted to Los Angeles and Salt Lake Railroad Company to construct and thereafter maintain and operate its double track main line across the tracks of Pacific Electric Railway Company near Willowville on an overhead structure, subject to the following conditions:

(1) Said overhead crossing shall be constructed in the location as shown on Exhibit "F" filed in this proceeding.

(2) The entire cost of constructing and thereafter maintaining said overhead structure above the tracks of the Pacific Electric Railway Company shall be borne by applicant.

(3) Said overhead crossing shall be constructed substantially in



accordance with plans shown on Exhibit "G" filed in this proceeding and specifically in accordance with detailed plans and specifications which shall hereafter be approved by this Commission.

(4) Said overhead crossing shall be constructed with clearances conforming to the provisions contained in General Order No. 26.

*It is hereby further ordered*, that permission be and it is hereby granted Los Angeles and Salt Lake Railroad Company to construct and thereafter maintain and operate its double track main line at grade across the tracks of the Long Beach branch of Southern Pacific Company and at grade across the Long Beach-San Pedro line of Pacific Electric Railway at grade, said crossings to be constructed on a line parallel to and within one hundred feet of the location measured at right angles shown on Exhibit "F."

(1) The entire expense of constructing said crossings and thereafter maintaining them in good and first-class condition for the safe and convenient passage of trains thereover shall be borne by applicant.

(2) Said crossings shall be protected by a first-class interlocking plant or plants to be installed in accordance with the provisions of General Order No. 33 of this Commission and in accordance with detailed plans, which shall be hereafter approved by this Commission.

(3) The cost of installing and maintaining said interlocking plants shall be borne in accordance with an agreement or agreements which shall be hereafter entered into between said Southern Pacific Company, Pacific Electric Railway Company and Los Angeles and Salt Lake Railway Company, subject to the approval of the Commission, or, in the event of the failure of said parties to reach an agreement or agreements which shall be approved by the Commission within one year of the date of this order, the Commission shall, by supplemental order herein, apportion the cost of construction, maintenance and operation of said interlocking plants between said interested parties.

*It is hereby further ordered*, that all of the crossings herein authorized are subject to the following conditions:

(1) Applicant shall, within thirty (30) days thereafter, notify this Commission in writing of the completion of the installation of said crossings.

(2) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(3) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

*It is hereby further ordered*, that permission to construct applicant's double track main line at grade across Pasadena avenue, Elm avenue and a portion of Hill street, and Hobson avenue is hereby denied without prejudice.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective twenty (20) days after the making thereof.

Dated at San Francisco, California, this fifteenth day of September, 1924.

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DECISION No. 14061.

HODGE TRANSPORTATION SYSTEM AND LOS ANGELES AND OXNARD  
DAILY EXPRESS

vs.

W. J. TEBO.

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Case No. 1956.

Decided September 16, 1924.

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*H. N. Blair and Phil Jacobson*, for Complainants.  
*Elmer P. Bromley*, for Defendant.

BY THE COMMISSION.

**OPINION.**

Hodge Transportation System and Los Angeles and Oxnard Daily Express, authorized carriers of freight by auto truck, complain that defendant, W. J. Tebo, is operating automobile trucks for the transportation of property for compensation as a common carrier over the public highways and over a regular route between places within Ventura, San Bernardino and Riverside counties and Los Angeles harbor points, and also between places "elsewhere within the state," without having obtained a certificate of public convenience and necessity, and in violation of chapter 213, Statutes of 1917, as amended.

Defendant, by answer, admits his operation of trucks for transportation of property for compensation over the highways without a certificate of public convenience and necessity, but denies that he is a common carrier or a transportation company, that he operates over a regular route, that he operates between the termini alleged in the complaint, or that he operates in violation of law. Defendant alleges that he is, and for 30 years has been, transporting property for compensation over the highways; that he has no fixed or regular route, no schedule of time or rates, no fixed termini, carries no mixed loads, makes no back-hauls, and does not hold himself out to accept goods for transporta-

tion from all persons; but that for more than 30 years he has made individual contracts with various persons for the transportation of property to any point whenever and wherever required, and that his business is, and has been, a transfer business.

Upon the issues thus joined, public hearings were held at Los Angeles, the matter was duly submitted following the receipt of briefs from all parties, and is now ready for decision.

No evidence was offered by complainants in support of their allegation that defendant is operating in violation of law between points in Riverside and San Bernardino counties and Los Angeles harbor points, nor in support of their allegation that he was operating illegally "elsewhere within the state." As to these allegations the complaint must, therefore, be dismissed. Testimony offered at the hearing was confined to the operations of defendant between the town of Oxnard in Ventura County, and the city of Los Angeles in Los Angeles County, and concerned wholly the transportation of sugar from the plant of the American Beet Sugar Company at Oxnard to the several wholesale grocery houses in the city of Los Angeles. This transportation of the commodity named is fairly constant throughout the year, but somewhat irregular as to frequency and quantity. Defendant admitted the transportation of said property, and in justification thereof offered in evidence (Defendant's Exhibit "A") an instrument termed "Lease of Trucks."

The transportation admitted by defendant clearly comes within the provisions of chapter 213, Statutes 1917, as amended, unless the alleged "lease" removes it from the operation of that act.

The principal question for determination by this Commission under the pleadings and evidence, therefore, is whether this so-called "lease" removes the operations conducted thereunder from the jurisdiction of the Commission as conferred by chapter 213, Statutes 1917, as amended.

By the terms of this instrument, dated September 22, 1923, defendant, Tebo, agrees to "lease" to the American Beet Sugar Company a "sufficient number of motor trucks to handle any and all shipments of sugar from Oxnard, California, to Santa Barbara, Los Angeles and Chino, California," and to furnish trucks for hauling sugar in any quantity at any time called for by said Sugar Company between September 22, 1923, and September 1, 1924. Defendant, Tebo, agrees to furnish trucks that are in good mechanical condition and to pay all expenses of repairs and operation, and that the Sugar Company "shall not be responsible for ordinary or extraordinary wear and tear, depreciation or obsolescence on any of said trucks." The Sugar Company agrees to furnish and pay competent drivers, and to pay Tebo "\$2.90 per ton for all sugar hauled from Oxnard to Los Angeles, California, or to Santa Barbara, California, and the sum of \$5.50 per ton for all sugar hauled from Oxnard, California, to Chino, California." The

instrument is subject to cancellation upon ten day's written notice by either party.

It appears from the evidence that for a considerable time prior to September, 1923, the defendant has hauled over the public highways from Oxnard to Los Angeles all the sugar produced by the American Beet Sugar Company for Los Angeles consumption, and has delivered same to the several wholesale warehouses in the city of Los Angeles as directed. On September 22, 1923, some question having arisen as to the legality of this operation, defendant and the Sugar Company entered into the agreement above outlined.

The undisputed evidence shows that since the execution of said agreement defendant's operations with the Sugar Company have been conducted in the same manner as before except that the driver of each truck is now paid by the Sugar Company instead of by defendant, Tebo, as theretofore, and except also that the rate per ton has been reduced to conform to the new manner of paying the drivers. The method of operation as testified to by the witnesses was substantially as follows: Whenever the Sugar Company at Oxnard has had a shipment of sugar for Los Angeles, it has called the defendant at Chino by telephone stating the number of trucks needed. Defendant, from his place of business at Chino, has then dispatched to the Sugar Company at Oxnard the required number of trucks with his own drivers, which trucks have then reported to, and remained under orders from, the Sugar Company until the entire shipment has been transported to Los Angeles. The Sugar Company has paid to each driver \$7.50 for each trip he made to Los Angeles, and to the defendant, Tebo, \$2.90 for each ton of sugar hauled.

These demands of the Sugar Company for trucks were made at frequent intervals, and the number of trips required to transport each shipment depended entirely upon the tonnage to be moved—in some instances requiring almost daily trips for periods of a week or even a month at a time. When the Sugar Company had no sugar to be transported, the trucks were used by the defendant in the regular course of his business in Chino.

It is apparent from the testimony that the intention of the parties in executing this alleged "lease" was to take these operations of defendant out of the provisions of chapter 213, Statutes 1917, as amended, but an examination of the instrument in the light of the evidence adduced at the hearing reveals that it bears none of the attributes of a true lease, but that on the contrary, it is rather a contract by defendant to transport the Sugar Company's output of sugar. No specific trucks are mentioned in the agreement, nor are any definite number of trucks allocated to the Sugar Company; all are used by defendant, Tebo, in his transfer business in Chino until he receives a call from the Sugar

Company, whereupon sufficient number of trucks to fulfill the Sugar Company's needs are then dispatched to it, as above described. Upon the completion of a shipment, the Sugar Company has no possession or custody of the trucks, but they return to Chino and are used by defendant in his transfer business. The rental for the equipment under this agreement is not at a stated price for the term of the lease, nor even upon a per trip basis, but at a certain rate per ton. The Commission is of the opinion that this agreement does not constitute a bona fide lease of trucking equipment, but that it is in fact merely a contract between the parties for a type of trucking service falling within the provisions of the Auto Stage and Truck Transportation Act (Statutes 1917, chapter 213, as amended).

#### ORDER.

Complaint having been made against W. J. Tebo, as above entitled, a public hearing having been held, and the matter having been duly submitted and the Commission being fully advised in the premises, it is hereby found as a fact that the defendant, W. J. Tebo, has been, and now is, engaged in the operation of auto trucks over the public highways, for compensation, between the termini of Oxnard and Los Angeles, over a regular route, and that said defendant has not obtained from this Commission a certificate declaring that public convenience and necessity require such operation.

And basing its conclusions upon said findings of fact and upon the additional findings and statements included in the within opinion, the Commission hereby concludes that the said operations of W. J. Tebo should be discontinued pending the procuring of a certificate as provided by chapter 213, Statutes 1917, as amended; and to that end

*It is hereby ordered*, that the defendant, W. J. Tebo, be and he is hereby directed to cease and hereafter to desist from any and all such transportation unless and until he shall have secured from this Commission a certificate that public convenience and necessity require the resumption or continuance thereof; and

*It is hereby further ordered*, that the secretary of this Commission be and he is hereby directed to serve or cause to be personally served, upon said defendant, W. J. Tebo, a certified copy of this order; and

*It is hereby further ordered*, that inasmuch as the allegations of the complaint as to illegal operations by defendant, W. J. Tebo, between points in Riverside and San Bernardino counties and Los Angeles harbor points, and as to illegal operations by defendant, W. J. Tebo, "elsewhere within the state" were supported by no evidence, the complaint, as to those allegations, be and the same is hereby dismissed.

*It is hereby further ordered*, that the secretary of this Commission be and he is hereby directed to forward to the district attorney of each

of the counties in which such operations have been carried on, a certified copy of this decision.

Dated at San Francisco, California, this sixteenth day of September, 1924.

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DECISION No. 14062.

IN THE MATTER OF THE APPLICATION OF THE SYCAMORE CANYON WATER COMPANY, FOR AN ORDER AUTHORIZING IT TO DISCONTINUE ITS SERVICE AS A PUBLIC UTILITY.

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Application No. 10288.

Decided September 16, 1924.

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*Wellborn, Wellborn and Wellborn*, by *Olin Wellborn III*, for Applicant.  
*Owen C. Emery*, for Consumers.

BY THE COMMISSION.

**OPINION.**

In the above entitled application the Sycamore Canyon Water Company of San Rafael, a corporation, which owns and operates a public utility supplying water for domestic purposes to a small territory lying along Sycamore Canyon road, adjacent to the limits of the city of Glendale, Los Angeles County, asks permission to discontinue service as a public utility.

A public hearing in this matter was held in Los Angeles before Examiner Williams after all interested parties were duly notified and given an opportunity to be present and be heard.

The articles of incorporation show that this company was incorporated on February 11, 1887, for the following purposes: To acquire lands, water and water rights; to develop, pipe and store water; to sell land and water rights and to distribute water among the stockholders of the company.

In subsequent years water service was extended to other than stockholders, the company incurred a public utility obligation and became subject to the jurisdiction of the Railroad Commission.

The testimony indicates that the available water supply developed by the company's tunnels has gradually decreased and in consequence it has been necessary for the utility to purchase water from the city of Glendale, which has now extended its municipal system to supply water to all residents within the city limits, thus leaving approximately twenty-three consumers receiving water service from this utility.

The records show that this water system has been operated continuously at a loss; that the system is in a dilapidated condition and requires the expenditure of an excessive amount of money for maintenance and operation. The cost of water purchased from the city of Glendale amounts to approximately \$100 per month, while the revenue

from twenty-three consumers will yield \$23 per month at the rates at present in effect.

Applicant contends that it can not procure the money necessary for the replacement of its distribution pipe system and has offered to turn the entire plant over to its consumers, free of charge, or to anyone desiring to assume its obligations.

The city of Glendale is now supplying water to this utility for distribution among its consumers, and would undoubtedly take over and continue the supply under proper agreement, such as the city requires of other territory coming under its water system.

It is apparent that any rate which would return to the owners of the plant even the bare cost of operation and maintenance would be an undue burden upon the consumer and would also be more than the service is worth.

Evidence was submitted by consumers, who contend that water can be developed from the utility tunnels and a caved-in well, in sufficient quantities to supply the needs of the consumers at the present time, but the evidence submitted is not at all conclusive that such an amount of water can be developed.

A careful consideration of the evidence submitted leads to the conclusion that the continued operation of this utility can result only in additional losses and that authority to discontinue service should be granted after consumers have been given a reasonable period of time in which to secure another source of supply.

#### ORDER.

Application having been made to this Commission as entitled above, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed thereon;

*It is hereby ordered*, for the reasons set out in the preceding opinion, that on November 1, 1924, Sycamore Canyon Water Company of San Rafael, a corporation, be and the same is hereby relieved of such public utility obligation as may have heretofore existed regarding service of water to consumers in Sycamore Canyon and vicinity, provided that:

1. Within ten days of the date of this order each and every consumer be notified in writing of such intention to discontinue service, and a certified statement that consumers have been given such notification be furnished this Commission within fifteen days of the date of this order.

The effective date of this order is hereby fixed as November 1, 1924.

Dated at San Francisco, California, this sixteenth day of September, 1924.

DECISION No. 14074.

IN THE MATTER OF THE APPLICATION OF SOUTH PARK WATER COMPANY FOR AN ORDER AUTHORIZING INCREASE IN RATES, ABANDONMENT OF IRRIGATING SERVICE SCHEDULE AND FOR ISSUANCE OF STOCK.

Application No. 10219.

Decided September 17, 1924.

*James L. Patten*, for Applicant.

*Thomas J. Clark*, for South Los Angeles Improvement Association.

BY THE COMMISSION.

OPINION.

In this application the South Park Water Company, a corporation, asks that the Railroad Commission authorize it to increase the rates charged for water delivered to consumers, to abandon service of water for irrigation purposes, and to issue to South Park Land Company 970 shares of its common capital stock, of a par value of \$100 each, in payment for the public utility water system supplying consumers located on Tracts No. 3287, No. 3598, No. 3754, No. 4449, No. 4897, and No. 5745, all in Los Angeles County.

A public hearing in this matter was held before Examiner Williams at Los Angeles, after due notice thereof had been given so that all interested parties might be present and be heard.

The testimony shows that this water system was originally installed about 1918 by South Park Land Company, a corporation, to supply water for irrigation purposes to a large tract of land. Portions of the original tract were sold without any obligation to supply water, and the remainder, consisting of the present area served, was subdivided into lots which were sold to the public and water for domestic service was furnished to residents thereon. At the present time irrigation service is given to only one parcel of three acres which will undoubtedly be subdivided into residence lots in the near future.

South Park Water Company, a corporation, was organized by South Park Land Company for the purpose of taking over and operating the water system and to separate the utility from the land business. The water company was incorporated August 22, 1918, and amended articles of incorporation were approved April 25, 1923.

On May 1, 1923, South Park Water Company filed Application No. 8978 for a certificate of public convenience and necessity, which was granted by Decision No. 12280, dated June 27, 1923, and the following schedule of rates was established:

*Domestic Meter Rate.*

Monthly Minimum Charges—

8-inch meter	-----	\$0 50
1-inch meter	-----	1 00



## Monthly Meter Rates—

0 to 3000 cubic feet, per 100 cubic feet.....	\$0 07
All in excess of 3000 cubic feet, per 100 cubic feet.....	05
<i>Irrigation Use Rate.</i>	
Per 100 cubic feet.....	03
Additional meter service charge for	
1-inch meter or smaller.....	25
Meters larger than 1 inch.....	50

In this application the utility asks authority to establish the following rate schedule:

- \$1.50 per month for 700 cubic feet or less.
- \$0.15 per 100 cubic feet for 700 to 3000 cubic feet.
- \$0.12 per 100 cubic feet for over 3000 cubic feet.

The water system consists of a 16-inch well, 600 feet deep, in which is installed a 12-inch, 4-stage, Layne-Bowler pump driven by a 40-horsepower electric motor. Water is delivered from the well into a 50,000-gallon capacity steel storage tank on a 50-foot tower. The distribution system consists of approximately 106,000 feet of riveted steel and screw pipe ranging in diameter from 2 to 10 inches. At the time of the hearing in this proceeding on July 28, 1924, there were 1058 consumers supplied with water through metered services.

The original cost of the system as shown by applicant was \$97,126, and the evidence submitted shows conclusively that operating expenses of the utility have greatly exceeded the revenues received from the sale of water.

At the hearing H. A. Noble, one of the Commission's hydraulic engineers, submitted a report in which was shown an estimate of reasonable original cost of the property amounting to \$101,074, together with a depreciation annuity of \$2,312. Maintenance and operation expense for the immediate future was estimated at \$8,130. Revenues for the year 1922 were \$773, for 1923 were \$3,278, and for the first five months of 1924 were \$2,398.

The foregoing statement of revenues indicates a continuous and very material growth in the business of the utility but it is evident that the ordinary increase of the business at the present rates will not produce the revenues necessary to cover reasonable maintenance and operation expense, depreciation annuity, and what under the circumstances is a fair return upon the investment in the property. The present rates are low as compared with the charges made for service by other utilities operating under similar conditions. The evidence also indicates that the area served is now reasonably well developed and that the system is not overbuilt.

The territory supplied by the utility has developed into a district where the use of water is entirely of a domestic character and it is apparent that such irrigation service as is now furnished may be dis-

continued without any material inconvenience or damage to the one remaining consumer, provided a reasonable time be allowed in which to enable that consumer to make other arrangements for water service.

Complaint was made at the hearing by some of the consumers that the service rendered by the utility has been inadequate at times. The evidence shows, however, that while some interruption of service has resulted in 1924 from the electric power shortage now prevalent in the southern part of the state, only one temporary discontinuance of supply has occurred through the failure of any of the applicant's equipment. It was also shown that practically all of the inadequate service complained of had occurred in previous years and that the applicant had recently made arrangements with another utility in the vicinity whereby, in cases of emergency, water can be turned from either of the systems into the other until such time as any temporary shortage can be remedied.

Applicant's articles of incorporation, a copy of which was filed in Application No. 8978, indicate that it was organized with an authorized capital stock of \$50,000, divided into 500 shares of the par value of \$100 each, all shares being common. In the present application it is recited that proceedings have been instituted to increase the authorized capital stock to \$150,000, to consist entirely of common stock divided into 1500 shares of the par value of \$100 each. Heretofore only three shares of stock of the aggregate par value of \$300 have been issued. It appears to us that the \$97,000 of stock herein applied for is a reasonable amount of stock to be authorized for the purpose of acquiring the properties of South Park Land Company, and the order herein will so provide.

#### ORDER.

South Park Water Company, a corporation, having made application for authority to increase the rates charged for water delivered to consumers, to abandon the service of water for irrigation purposes, and to issue to South Park Land Company 970 shares of its common capital stock of a par value of \$100 per share in payment for the public utility water system supplying consumers located on Tracts No. 3287, No. 3598, No. 3754, No. 4449, No. 4897, and No. 5745, Los Angeles County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed therein:

It is hereby found as a fact that the rates now charged by South Park Water Company, a corporation, for water delivered to consumers located upon the above described tracts of land in Los Angeles County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service; and

It is hereby further found as a fact that public convenience and necessity do not require that South Park Water Company, a corpora-

tion, continue the furnishing of water for irrigation purposes after December 31, 1924.

Basing the order upon the foregoing findings of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that South Park Water Company, a corporation, be and it is hereby authorized to file with this Commission, on or before September 30, 1924, the following schedule of rates to be charged for all water delivered subsequent to September 30, 1924, to consumers located upon the tracts of land previously described in the order herein:

*Minimum Monthly Charges.*

For ½-inch meter.....	\$1 25
For ¾-inch meter.....	2 00
For 1-inch meter.....	3 00
For 1½-inch meter.....	6 00
For 2-inch meter.....	9 00
For 3-inch meter.....	16 00
For 4-inch meter.....	25 00

Each of the foregoing "minimum monthly charges" will entitle the consumer to the quantity of water which that minimum monthly charge will purchase at the following "monthly meter rates."

*Monthly Meter Rates for Domestic Service.*

From 0 to 1000 cubic feet per 100 cubic feet.....	\$0 25
From 1000 to 3000 cubic feet, per 100 cubic feet.....	15
Over 3000 cubic feet, per 100 cubic feet.....	12

*Monthly Meter Rates for Irrigation Service.*

(To be effective until December 31, 1924.)

From 0 to 1000 cubic feet per 100 cubic feet.....	25
From 1000 to 2000 cubic feet, per 100 cubic feet.....	20
Over 2000 cubic feet, per 100 cubic feet.....	05

*It is hereby further ordered*, that South Park Water Company, a corporation, be and the same is hereby directed to notify in writing, within twenty (20) days from the date of this order, any consumers now supplied at irrigation rates of its intention to discontinue service of water for irrigation purposes on December 31, 1924, and to furnish this Commission, within thirty (30) days from the date of this order, with a certified statement that such notice of discontinuance has been given as directed herein.

*It is hereby further ordered*, that South Park Water Company be and it is hereby authorized to issue \$97,000 par value of its common capital stock in payment for the properties of South Park Land Company to which reference is made in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. South Park Water Company shall file with the Commission within sixty days from the date hereof a certified copy of its articles of incorporation, amended as indicated in the foregoing opinion.

2. Applicant shall keep such record of the issue and delivery of the stock herein authorized as will enable it to file on or before the twenty-

fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. Within thirty days after execution applicant shall file with the Commission a certified copy of the deed under which it acquires title to the properties of South Park Land Company.

4. The authority herein granted to issue stock will become effective upon the date hereof.

Dated at San Francisco, California, this seventeenth day of September, 1924.

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DECISION No. 14078.

IN THE MATTER OF THE APPLICATION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, FOR PERMISSION TO INSTALL A RAILROAD CROSSING OVER BANDINI BOULEVARD.

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Application No. 10114.

Decided September 18, 1924.

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BY THE COMMISSION.

OPINION.

In this proceeding, the county of Los Angeles seeks permission to extend Bandini boulevard across the track of the San Pedro branch of the Los Angeles and Salt Lake Railroad Company.

A public hearing was held before Examiner Williams at Los Angeles on July 24, 1924.

The evidence indicates that this crossing affords direct access to and from industrial sections east and west of Downey road, in which the west end of Bandini boulevard terminates, and shortens the time of travel to and from Los Angeles. It does not appear that there is sufficient volume of traffic to and from Los Angeles, or between the two industrial sections, to warrant the hazard created by a grade crossing.

In view of the failure of the applicant to show that there is a present necessity, the application will be denied, without prejudice, to consideration anew if and when future conditions appear to warrant.

There is a feature of this application which justifies comment, and that is the admitted fact that this crossing was installed about seven months before the filing of the application.

Mr. O. F. Cooley, assistant road commissioner of the county of Los Angeles, testified that he did not know when or by whom the crossing was put in, nor did he know who paid for the work; in fact, no one at the hearing knew anything about this point. Mr. F. E. Pettit, Jr., attorney for the railroad company, stated that the evidence disclosing that the crossing had been put in long before the filing of the application was an entire surprise to him and stated he would investigate the

matter and submit the results of his investigation as evidence in this proceeding. The result of his investigation was contained in his letter to the Commission of date July 26, 1924, which may be summarized thus:

In the spring of 1923, the Arcadia-Bandini-Baker Estate was advised by the Los Angeles and Salt Lake Railroad Company, in response to oral request, that this crossing would be agreeable to them. On November 22, 1923, a contract was executed between the Railroad Company and the county covering construction, maintenance and operation of the crossing. At some unascertained time the Arcadia-Bandini-Baker Estate put in the crossing, furnishing and paying for all labor and material. Railroad officials had no knowledge of this until June 5, 1924, when their chief engineer learned of it at a meeting of the Los Angeles County Grade Crossing Committee.

This occurrence subjects the Los Angeles and Salt Lake Railroad Company to criticism for, in Application No. 8944, Decision No. 12460, dated August 6, 1923, which was a case wherein this railroad filed an application to construct crossings at grade after their actual installation, that company stated that it "also took steps within its own organization to assure itself that there would be no further violations of section 43 of the Public Utilities Act" on its part. Yet, within a year after making this statement, it is placed in the present proceeding in the position of admitting that section 43 has been violated by it; not, it is true, by any overt act on its part, but passively. Evidently "steps within its own organization" to prevent further violation of section 43 have proved to be ineffective, because the railroad company disregarded the provisions of this section in permitting the construction of a crossing at grade over its tracks without immediately taking steps either to forestall such an occurrence or ascertain under what authority such work was being undertaken. It appears, therefore, that the railroad company is guilty of a certain laxity in its duty, and it should take further action to protect itself in a more effective manner from future criticism on this score.

We now are to consider the position of the county of Los Angeles. It is the Commission's desire to cooperate to the utmost with the various political subdivisions of the state in matters of public interest and welfare. Section 43 of the Public Utilities Act was designed to correct a rapidly growing dangerous situation arising out of the installation of unnecessary grade crossings. The plain intent of section 43 is to keep grade crossings to the lowest possible number, consistent with the requirements of the traveling public. Now, if we have a case, as we have here, where the judgment of the Commission is that a crossing is unnecessary, because it will be a convenience to only a limited number,

then there is nothing for the Commission to do but withhold its approval.

But we may go further, and point out that the county erred in its handling of this matter. Appearing as the applicant, and thus establishing the public nature of the installation, it bears a part of the responsibility for the active violation of section 43. As we construe the law, the county should have seen to it that this crossing, prematurely installed by a private interest, was effectively closed to public travel before taking the responsibility of filing a formal application for its establishment.

#### ORDER.

Board of supervisors of county of Los Angeles, State of California, having applied for permission to extend Bandini boulevard across the track of the San Pedro branch of Los Angeles and Salt Lake Railroad Company, a public hearing having been held, the Commission being apprised of the facts, and the matter being under submission and ready for decision;

*It is hereby ordered*, that the above entitled application be and it is hereby denied without prejudice.

*It is hereby further ordered*, that the Los Angeles and Salt Lake Railroad Company be and it is hereby directed to effectively close forthwith, at its expense, the crossing heretofore unlawfully opened, to all traffic.

Dated at San Francisco, California, this eighteenth day of September, 1924.

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#### DECISION No. 14084.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY, A CORPORATION, AND EMMA ROSE AND HOBART ESTATE COMPANY, FOR THE APPROVAL OF A POWER CONTRACT.

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#### Application No. 10380.

Decided September 23, 1924.

*Chickering and Gregory*, by *W. C. Fox*, for Western States Gas and Electric Company, Applicant.

*McCutcheon, Olney, Mannon and Greene*, by *Allan P. Matthew*, for Utica Mining Company, Applicant.

*C. P. Cutten*, for Pacific Gas and Electric Company, Protestant.

*MARTIN*, Commissioner.

#### OPINION.

In this application Western States Gas and Electric Company joins with Emma Rose and Hobart Estate Company, operating under the name of Utica Mining Company, in requesting that the Commission approve a contract recently entered into between them. A public hearing was held in San Francisco on September 3, 1924, at which Pacific

Gas and Electric Company appeared to protest the approval of the contract in question.

While it is in the mining business, the Utica Mining Company appears in this proceeding as a public utility, producing and distributing electricity to the general public in the vicinity of Angels Camp, as well as supplying power used in its own operations. For some time its lines were connected with those of Sierra and San Francisco Power Company operated under lease by Pacific Gas and Electric Company, and power was transferred in both directions between the systems under contract. This contract was terminated February 1, 1924, upon the failure of negotiations for its renewal, the parties being unable to agree upon the interpretation of certain rate schedules and Pacific Gas and Electric Company refusing to continue the purchase of surplus power. Utica Mining Company thereupon entered into negotiations with Western States Gas and Electric Company for the purchase and sale of power and the results of these negotiations as embodied in the present contract are submitted to this Commission for its approval.

Pacific Gas and Electric Company protests the approval of this contract on the grounds that its lines now connect with those of the Utica Company and that the construction of the proposed transmission line by Western States Company is an economic waste.

The evidence indicates that the Pacific Gas and Electric Company and the Utica Mining Company disagreed on the interpretation of certain schedules established by this Commission which involved the application of one of those schedules to conditions and to a class of business to which it had never before been applied. Neither party appealed to the Railroad Commission for an interpretation of the schedules. The Pacific Gas and Electric Company refused to purchase and make useful the surplus water power available on the Utica system, and upon the refusal of the Utica Mining Company to accept the conditions laid down by the Pacific Gas and Electric Company it dropped negotiations. In maintaining its position in these negotiations, the Pacific Gas and Electric Company permitted water power to run to waste and generated steam power in its stead. The attitude here displayed is not such as to entitle a utility to protection against competition, and the protest can not be considered as furnishing good grounds for not approving the contract.

The territory through which the proposed line will pass is largely undeveloped and it is to be expected that with its development the demand for electric power will increase. As a result of such increased demand, it is not at all unlikely that the capacity of the proposed line, as well as of the present lines of Pacific Gas and Electric Company in the general vicinity will eventually be fully utilized.

From the evidence before it, the Commission is of the opinion that no detriment to the public interest, nor any economic waste will result from the execution of this contract. The question of the legal right of Western States Gas and Electric Company to serve the territory into which the proposed line is to be built is not properly before the Commission on this record and the Commission, therefore, is not to be understood as determining that question in this opinion.

I recommend the approval of the contract and submit the following form of order:

**ORDER.**

Emma Rose and Hobart Estate Company, operating under the name of Utica Mining Company, and Western States Gas and Electric Company, having applied to the Railroad Commission for the approval of a certain contract dated July 28, 1924, a copy of which is attached to the application herein, a public hearing having been held, the matter being duly submitted and the Railroad Commission being of the opinion that the said contract ought to be approved;

*It is hereby ordered*, that the contract between Western States Gas and Electric Company and Emma Rose and Hobart Estate Company, dated July 28, 1924, a copy of which is attached to the application in this matter be and the same is hereby approved.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of September, 1924.

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DECISION No. 14085.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR PERMISSION TO CONSTRUCT AND MAINTAIN AT GRADE TRACKS ACROSS CERTAIN PUBLIC HIGHWAYS IN THE CITY OF LONG BEACH AND IN THE COUNTY OF LOS ANGELES IN CONNECTION WITH THE CONSTRUCTION OF ITS PROPOSED RAILROAD ON DAISY AVENUE FROM A POINT IN ITS PRESENT RAILROAD LINE AT STATE STREET AND DAISY AVENUE IN THE CITY OF LONG BEACH AND RUNNING THENCE IN A GENERAL NORTHERLY DIRECTION TO A CONNECTION WITH APPLICANT'S LONG BEACH MAIN LINE AT LOS CERRITOS, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 9760.

Decided September 25, 1924.

*Frank Karr* and *C. W. Cornell*, for Applicant.

*A. S. Halsted* and *Fred E. Pettit*, for Los Angeles and Salt Lake Railroad Company.  
*Burr A. Brown*, City Attorney; *C. H. Windham*, City Manager; *R. D. Van Alstyne*, City Engineer, and *C. A. Cover*, of the City Council, for the City of Long Beach.



*Jesse E. Stephens*, City Attorney, *Clyde M. Leach*, Assistant City Attorney and *Milton Bryan*, Deputy City Attorney, for the City of Los Angeles and the Los Angeles Harbor Commission.

*J. W. Ludlow*, for the Los Angeles Board of Harbor Commissioners.

*Hugh R. Pomroy* and *George A. Damon*, for Regional Planning Commission.

*W. K. Barnard*, *Burt Heinley* and *F. P. Cole*, for the Committee of Two Hundred.

*E. E. East*, for the Los Angeles County Grade Crossing Committee.

*Samuel Storror*, for the Municipal League of Los Angeles.

*John R. Berryman*, for Automobile Club of Southern California.

*D. M. Crossman*, for Southern Pacific Company.

*Lou Johnson*, Secretary, for Wilmington Chamber of Commerce.

*M. W. Reed*, for The Atchison, Topeka and Santa Fe Railway Company.

*WHITTLESEY*, Commissioner.

#### OPINION.

In this application Pacific Electric Railway Company seeks two things, namely: first, a certificate of public convenience and necessity authorizing it to construct an extension of its existing Daisy avenue line beginning at its terminus near the south line of State street in the city of Long Beach and running thence in a general northerly direction to a connection with the applicant's Long Beach main line at Los Cerritos in the county of Los Angeles. Second, permission to construct certain crossings incident to the construction of the proposed line of railroad.

Public hearings were held on this proceeding in conjunction with the hearings of Applications No. 9496 and No. 9712, held in Los Angeles on March 26th, May 7th and July 24, 1924. The hearings of these three applications were consolidated for the reason that the line of railroad of the Los Angeles and Salt Lake Railroad Company into Long Beach Harbor (Application No. 9496) crosses the railroad proposed in this proceeding near the intersection of Willow street and Daisy avenue, and for the reason that both the Salt Lake and the Santa Fe (the latter over the municipal railroad of the city of Los Angeles) proposed to gain access to the harbor district by crossing Anaheim road at grade. This highway is of unusual traffic importance.

The purpose of the Pacific Electric Railway Company in constructing this track is twofold. The proposed line will act as a short line for freight trains which now run between Los Angeles and Long Beach via Wilmington. This line will shorten the distance between the two cities by about 2.3 miles. The second purpose is to build up industrially the low flat area lying west of American avenue, east of the flood control channel and north of State street as far as Powers street. Local industrial engineers and the city authorities are desirous that this line be built and they consider the section traversed by it as the most desirable industrial territory in Long Beach.

Applicant has introduced, as Exhibit No. 1, an estimate of the cost of construction of the Daisy avenue line, which amounts to \$163,899.

The applicant testified that it expected the annual revenues to be

derived from this extension after the first year of operation to be in the neighborhood of \$36,000. The annual report for the company for the year ending December 31, 1923, shows, allowing for taxes and depreciation, an operating ratio of 80.765 per cent, which, applied to the above assumed revenue, gives a net revenue of \$6,925, or a return of about 4.22 per cent on the capital invested. The company has submitted a statement which shows that there would be a saving in distance of 2.30 miles on shipments of freight between Long Beach and Los Angeles. On the present basis of operation of one trip per day, this statement shows a saving of two hours per day for a five-man crew, or a daily saving of \$12.28 in wages. On the basis of present business, the statement shows that locomotive and car mileage saved would be approximately 40 miles daily, which, at a cost for power and locomotive maintenance of 10 cents per mile, would make a saving of \$4 daily. These two items give a total annual saving of \$5,647, based on an operating year of 310 days. This saving gives an annual return of 3.45 per cent on the capital invested. The total estimated return on the investment thus amounts to 7.67 per cent.

From the testimony it would appear that public convenience and necessity justify the construction of this line of railroad.

The proposed extension of the Daisy avenue line runs north on Daisy avenue to Lillian street where it enters a forty-foot private right of way, which extends to Brandon street. Between Brandon street and Spring street, right of way has evidently not yet been secured. From Spring to Powers street the line again occupies Daisy avenue. At Powers street it swings to the left around the shoulder of a hill and crosses Wardlow road, the north line of which marks the north city limit of Long Beach and the boundary of Los Angeles County. North of Wardlow road the line swings to the right and joins the Long Beach main line at Los Cerritos. As Daisy avenue is not a through street and extends only about one thousand feet to the north of Willow street, it appears both reasonable and desirable to close that portion of it to public travel.

The construction of this railroad line will require that the following streets be crossed in the city of Long Beach, namely: State, Nineteenth, Twentieth, Twenty-first, Hill, Burnett, Willow, an alley, Lillian, Spring, Frankfort, Powers and Wardlow road. Of these, State, Hill and Willow streets will probably become important east and west outlets across the flood control channel, and it may be necessary for the applicant to provide certain protection for these streets in the future. The other streets are unimportant. Nineteenth street west of Daisy avenue and Twenty-first street are paper streets and are at present not graded or open to travel.

The proposed railroad line of the Los Angeles and Salt Lake Railroad Company will cross the Daisy avenue line of applicant at right angles on an overhead structure about sixty feet north of Lillian street. The building of the Daisy avenue line will require the Los Angeles and Salt Lake Railroad Company to install an overhead structure with 22 feet overhead clearance in place of the ten-foot fill contemplated in its original application (Exhibit "D," Application No. 9694). On account of the overhead crossing proposed at Pacific avenue and the elevation of the required bridge over the flood control channel, the steam railroad must cross Daisy avenue above grade. The cost of the steam railroad will be increased by raising it sufficient to provide proper clearance over an electric railroad in Daisy avenue. It therefore seems equitable to divide this increased expenditure which will be incurred in separating the grades between the two lines of railroad equally between the two companies as set forth in the order in this Commission's Decision No. 14659 (Application No. 9694).

This proposed electric line after leaving the city of Long Beach crosses Golden avenue twice and Wilmington street once in the unincorporated territory of Los Angeles County. These roads are unimportant and at present need no protection outside of the usual crossing sign.

Suggestions have been offered to have the Pacific Electric Railway Company build this freight line either along the top or along the base of the levee of the east bank of the flood control channel. The railway company contended that a track on top of the flood control levee would be twelve feet above the surrounding country to be served with industrial spurs and this difference in elevation would require heavy grades for each spur required to get down on the level ground. In addition, the flood control levee is at the extreme west limit of the industrial district to be served. A track along the top of the levee would cross the proposed line of the Los Angeles and Salt Lake Railroad Company at grade and must, as does the proposed Daisy avenue line, cross State, Hill and Willow streets at grade. If built along the base of the flood control levee, these three streets and the Salt Lake line would pass over the electric industrial line, which would be a distinct advantage but it would be necessary to raise the Salt Lake line across the flood control channel in order to obtain the standard overhead clearance of twenty-two feet, which would increase the cost of this structure and of the fill to the east of the levee. A line located in this position would also require a line to be built from State street south to a point near Seventh street, a distance of about 4800 feet, whereas such a line is already built in Daisy avenue. It would also cross the Southern Pacific Long Beach branch at grade near Seventh street. This change in location would also render useless the right of way already purchased

north of Daisy avenue by the Pacific Electric Railway Company, and would increase the total length of line to be constructed by about  $1\frac{1}{4}$  miles.

After giving due consideration to all of the testimony, it would appear that the application should be granted. The following form of order is submitted:

**ORDER.**

Pacific Electric Railway Company having made application to this Commission for authority to construct an extension of its existing line on Daisy avenue from the south line of State street in the city of Long Beach and running thence in a general northerly direction to a connection with the applicant's Long Beach main line at Los Cerritos in the county of Los Angeles, public hearings having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision:

It is hereby found as a fact that public convenience and necessity require the construction and operation of an electric freight railroad from a point in Daisy avenue near the south line of State street and running thence in a general northerly direction to a connection with the applicant's Long Beach main line at Los Cerritos in the county of Los Angeles.

*It is hereby ordered*, that permission be and it is hereby granted Pacific Electric Railway Company to construct and thereafter maintain an extension of its existing Daisy avenue line from its present terminus near the south line of State street at grade across State street, Nineteenth street, Twentieth street, Twenty-first street, Hill street, Burnett street, Willow street, an alley, Lillian street, Spring street, Frankfort street, Powers street and Wardlow road within the city of Long Beach and at grade across Golden avenue at two locations and across Wilmington street in the county of Los Angeles, as shown by the maps C. E. H. 7546 and C. E. H. 7547, C. E. 5926 and C. E. 6572 accompanying and filed with the application, subject to the following conditions:

(1) The entire expense of constructing the crossings, together with the cost of their maintenance thereafter in good and first-class condition for the safe and convenient use of the public, shall be borne by applicant.

(2) Said crossings shall be constructed of a width and type of construction to conform to those portions of said streets as now graded, with the top of rails flush with the roadway, and with grades of approach not exceeding four (4) per cent; shall be protected by suitable crossing signs, and shall in every way be made safe for the passage thereover of vehicles and other road traffic.

(3) Applicant shall, within thirty (30) days thereafter, notify this

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Commission, in writing, of the completion of the installation of said crossings.

(4) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

*It is hereby further ordered*, that permission be and it is hereby granted to Pacific Electric Railway Company to construct its Daisy avenue line at approximately right angles and with 22-foot overhead clearance under the proposed railroad line of the Los Angeles and Salt Lake Railroad Company at a point approximately one hundred feet north of the south line of Daisy avenue, in accordance with detailed plans to be approved by the Commission and subject to the following conditions:

(1) The expense of constructing and thereafter maintaining said overhead crossing at Daisy avenue shall be borne by the Los Angeles and Salt Lake Railroad Company, except that the excess cost of constructing an overhead crossing at Daisy avenue with standard 22-foot overhead clearance over and above the cost of an overhead crossing with 14-foot overhead clearance, including the approach fills, shall be borne equally by the applicant and by the Los Angeles and Salt Lake Railroad Company. This apportionment of expense shall become effective immediately after the proposed track of the Los Angeles and Salt Lake Railroad Company authorized in Decision No. 14059 shall have been constructed across Daisy avenue.

(2) All clearances on said overhead crossing shall comply with this Commission's General Order No. 26.

*It is hereby further ordered*, that this Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

This order shall become effective ten (10) days after the making thereof.

Dated at San Francisco, California, this twenty-fifth day of September, 1924.

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DECISION No. 14089.

IN THE MATTER OF THE APPLICATION OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, AND THE LOS ANGELES COUNTY

GRADE CROSSING COMMITTEE FOR PERMISSION TO INSTALL A SEPARATED GRADE CROSSING AT THE INTERSECTION OF THE TRACKS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY AND TELEGRAPH ROAD NEAR BANDINI STATION IN THE COUNTY OF LOS ANGELES, AND FOR AN ORDER ABOLISHING THE CROSSING OF THE TRACKS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY BY CHURCH ROAD APPROXIMATELY A QUARTER OF A MILE EASTERLY OF THE INTERSECTION OF TELEGRAPH ROAD AND THE TRACKS OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY.

Application No. 10457.

Decided September 25, 1924.

BY THE COMMISSION.

**ORDER.**

The county of Los Angeles, The Atchison, Topeka and Santa Fe Railway Company, a corporation, and the Los Angeles County Grade Crossing Committee, filed the above-entitled application with this Commission on the fourth day of September, 1924, asking for authority to construct Telegraph road under the track of said The Atchison, Topeka and Santa Fe Railway Company, and abolish the grade crossing of Church road with the track of said railway company, in the vicinity of Bandini, county of Los Angeles, State of California, as hereinafter set forth, and it appearing to the Commission that this is not a case in which a public hearing is necessary and that the application should be granted subject to the conditions hereinafter specified: therefore,

*It is hereby ordered*, that the county of Los Angeles and The Atchison, Topeka and Santa Fe Railway Company be and they are hereby authorized to construct, as hereinafter specified, Telegraph road under the tracks of The Atchison, Topeka and Santa Fe Railway Company subject to the following conditions, viz:

(1) Said crossing to be constructed at a location as shown on the plan marked Exhibit B attached to the application and more particularly described as follows:

Beginning at the easterly corner of lot 67 of the Rancho Laguna as shown on map filed as Exhibit A in Case No. B 25296 of the superior court of the State of California in and for the county of Los Angeles: thence south  $39^{\circ} 02' 55''$  east along the southwesterly line of Anaheim Telegraph road, as shown on said last mentioned map, a distance of 52.84 feet to the northerly corner of lot 121 of said Rancho Laguna; thence south  $22^{\circ} 07' 00''$  west along the northwesterly line of said lot 121, a distance of 49.51 feet to the most westerly corner of said lot; thence south  $67^{\circ} 53' 00''$  east along the southwesterly line of said lot, a distance of 63.58 feet; thence south  $22^{\circ} 53' 00''$  east 67.82 feet to the northwesterly line of Compton and Jaboneria road (formerly known as Laguna road), as shown on said last mentioned map; thence south  $27^{\circ} 50' 35''$  west along said last mentioned northwesterly line, 52.30 feet to the most easterly corner of lot 122 of aforesaid Rancho Laguna; thence north  $67^{\circ} 53' 00''$  west 84.10 feet to a line which is parallel with and 100 feet southwesterly, measured at right angles, from above described course of "south  $22^{\circ} 53' 00''$  east 67.82 feet"; thence north  $22^{\circ} 53' 00''$  west along said parallel line 247.49 feet to the southwesterly line of above mentioned lot 67; thence south  $67^{\circ} 53' 00''$  east along said southwesterly line 106.58 feet to the point of beginning.

(2) Said crossing shall be constructed of a clear width of roadway of forty (40) feet and one five (5) foot sidewalk, and in accordance with detail plans which shall be submitted to and approved by this Commission.

(3) Said crossing shall be constructed with clearances conforming to provisions of the Commission's General Order No. 26.

*It is hereby further ordered*, that applicants, county of Los Angeles and The Atchison, Topeka and Santa Fe Railway Company, shall each pay 50 per cent of the cost of construction, including the cost of obtaining the necessary right of way, the expense and cost of raising the tracks, the expense and cost of excavating under the tracks for the highway, the expense and cost of the steel and concrete structure to carry said tracks, the expense and cost of paving the approaches and crossing of said highway beneath said tracks, and the expense and cost of constructing pedestrian sidewalks beneath said tracks, and all other incidental expenses caused by said separation, together with its maintenance thereafter in good and first-class condition.

*It is hereby further ordered*, that the county of Los Angeles and The Atchison, Topeka and Santa Fe Railway Company be and they are hereby authorized to abolish the existing grade crossing of Scott road over the tracks of The Atchison, Topeka and Santa Fe Railway Company, located approximately 1500 feet southeasterly from said Telegraph road crossing.

*It is hereby further ordered*, that the Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, public convenience and necessity demand such action.

This order shall become effective twenty (20) days after the making thereof.

Dated at San Francisco, California, this twenty-fifth day of September, 1924.

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DECISION No. 14092.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE A FRANCHISE GRANTED BY THE COUNTY OF MONTEREY.

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Application No. 9611.

Decided September 27, 1924.

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*Chickering and Gregory*, by *W. C. Fox*, for Applicant.

*Chas. P. Cullen*, for Protestant Pacific Gas and Electric Company as lessee of the properties of the Sierra and San Francisco Power Company.

*Leo H. Susman*, for Protestant Coast Counties Gas and Electric Company.

MARTIN, *Commissioner*.

### OPINION.

Coast Valleys Gas and Electric Company applies for a certificate that public convenience and necessity require the exercise by it of a franchise granted by the board of supervisors of the county of Monterey to Del Monte Light and Power Company and since assigned by that company to Coast Valleys Gas and Electric Company. The granting of this certificate is protested by Coast Counties Gas and Electric Company and by Pacific Gas and Electric Company as lessee of the properties of Sierra and San Francisco Power Company for reasons which will later be described in detail.

Coast Valleys Gas and Electric Company operates an electric distribution system in certain towns and throughout a large part of the Salinas Valley in Monterey County. It now owns and operates under two county franchises which together cover the entire county. These two franchises were granted prior to an amendment of the state law governing such grants in 1915, and among other things provide that construction work under the franchises must be completed within two years after the date granted. Coast Valleys Gas and Electric Company takes the position that, under a literal interpretation of this provision, these franchises do not cover lines constructed more than two years after the date of the franchises.

About August 8, 1922, Del Monte Light and Power Company obtained a franchise for the operation of an electric distribution system throughout Monterey County. On January 1, 1923, the Del Monte Company transferred its physical property to the Coast Valleys Company, and late in 1923 the franchise was also transferred. This franchise does not contain the limitations which Coast Valleys Company finds objectionable in its other two franchises, and it is for this reason that it now desires the authority of this Commission for the exercise of the franchise acquired from the Del Monte Light and Power Company. Coast Valleys Company has filed the usual form of stipulation showing that the original cost of this franchise to the Del Monte Company was \$100 and agreeing that it will never claim before this Commission nor any other public body a value for the franchise in excess of this sum. Aside from the protest of Coast Counties Gas and Electric Company and Pacific Gas and Electric Company, the granting of the certificate herein requested appears to be entirely justified by the facts that have been brought out.

Coast Counties Gas and Electric Company operates an electric distribution system in a large part of Santa Cruz County, and also serves a limited area along the northern boundary line of Monterey County. At the nearest point the lines of Coast Counties Gas and Electric Company and Coast Valleys Gas and Electric Company are some dis-



tance apart, and the protest of the Coast Counties Company is based upon a desire to protect its future rights rather than upon any objection to the immediate exercise of the franchise in question by Coast Valleys Company. Representatives of these two companies present at the hearing of this application agreed upon a stipulation covering this point as follows:

Mr. Fox: Mr. Commissioner, so far as this application is concerned, it is my understanding that the Coast Counties and Coast Valleys may stipulate as follows: The Coast Valleys Gas and Electric Company shall not, without further order of the Commission, invade any territory served by Coast Counties Gas and Electric Company, or which may be normally served by said company; and the Coast Counties Gas and Electric Company shall not, without further order of the Commission, invade any territory served by Coast Valleys Gas and Electric Company, or which may be normally served by said company. Is that right, Mr. Susman?

Mr. Susman: In view of the fact that we are not asking for permission to do it, we are perfectly willing to stipulate to it.

This stipulation satisfactorily disposes of the protest of Coast Counties Gas and Electric Company.

Sierra and San Francisco Power Company is the owner of a 55,000-volt transmission line now operated under lease by Pacific Gas and Electric Company, which traverses a portion of Monterey County and is used for the delivery of electric energy at wholesale to Coast Valleys Gas and Electric Company. The only consumer of Monterey County served from this transmission line is Coast Valleys Gas and Electric Company, and the protest of Pacific Gas and Electric Company, lessee on behalf of Sierra and San Francisco Power Company, is made for the protection of future rights rather than because of present objections. The only portion of Monterey County traversed by this transmission line which is not also served by distribution lines of Coast Valleys Gas and Electric Company consists largely of hilly and undeveloped territory. On account of the voltage and character of the transmission line only large consumers could be economically served from it, and it is not probable that any real conflict will arise over the rights of the respective parties. The granting of the certificate now applied for will in no way restrict any rights of Sierra and San Francisco Power Company or of its lessee Pacific Gas and Electric Company. Should an actual case bring about any dispute, the matter can be settled far more expeditiously and justly from a consideration of the facts as they appear at that time than by the present consideration of future probabilities or possibilities.

I recommend the following form of order:

#### ORDER.

Coast Valleys Gas and Electric Company having applied to the Railroad Commission for an order certifying that public convenience and necessity require the exercise by Coast Valleys Gas and Electric Com-

pany of the rights and privileges of a franchise granted by the board of supervisors of the county of Monterey to Del Monte Light and Power Company by Ordinance No. 354, dated August 8, 1922, which franchise has since been acquired by Coast Valleys Gas and Electric Company, and Coast Valleys Gas and Electric Company having filed a stipulation in form satisfactory to the Commission, agreeing that it, its successors and assigns will never claim before this Commission nor any other public body a value for said franchise in excess of \$100, the amount paid to the county of Monterey for said franchise.

The Railroad Commission of the State of California hereby finds as a fact that public convenience and necessity require the exercise by Coast Valleys Gas and Electric Company of the rights and privileges of the above described franchise, provided that the Railroad Commission may hereafter by appropriate proceedings and orders revoke or limit, as to territory not then served by Coast Valleys Gas and Electric Company, the authority herein granted.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

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DECISION No. 14093.

IN THE MATTER OF THE APPLICATION OF COAST VALLEYS GAS AND ELECTRIC COMPANY, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO EXERCISE A FRANCHISE GRANTED BY THE COUNTY OF SAN BENITO.

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Application No. 9612.

Decided September 27, 1924.

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*Chickering and Gregory*, by *W. C. Fox*, for Applicant.

*Chas. P. Cullen*, for Protestant Pacific Gas and Electric Company as lessee of the properties of the Sierra and San Francisco Power Company.

*Leo H. Susman*, for Protestant Coast Counties Gas and Electric Company.

MARTIN, *Commissioner*.

**OPINION.**

In this application Coast Valleys Gas and Electric Company asks that the Railroad Commission certify that public convenience and necessity require the exercise of a franchise for the construction and operation of an electric distribution system in a portion of San Benito County.

The application is protested by Coast Counties Gas and Electric Company and by Pacific Gas and Electric Company as lessee of the property of Sierra and San Francisco Power Company.

Coast Valleys Gas and Electric Company operates an electric distribution system in a large portion of the Salinas Valley in Monterey

County and in 1917 constructed an extension of one of its lines from this system into the southern portion of San Benito County to supply service to the New Idria Quicksilver Mining Company. Since the construction of this line one additional consumer has been secured in San Benito County. The line was constructed under the stress of war conditions for the purpose of serving an essential industry and, as sometimes happens under such circumstances, legal requirements were complied with after the actual construction work had been done. The records show that the securing of the authority of this Commission for the exercise of the franchise covering this line was overlooked.

Coast Valleys Gas and Electric Company has filed the usual stipulation showing the original cost of this franchise to have been \$100 and agreeing that it will never claim before this Commission or any other public body a value for the franchise in excess of this sum.

Coast Counties Gas and Electric Company operates an electric distribution system in the vicinity of Gilroy and Hollister in San Benito County. At the nearest point its lines are separated from those of the Coast Valleys Company by several miles of rough undeveloped territory, and its protest in the present application is entirely for the purpose of protecting future rights. At the hearing in this application the representatives of these two companies agreed upon the following stipulation which eliminates the necessity of further considering this protest:

Mr. Commissioner, so far as this application is concerned, it is my understanding that the Coast Counties and Coast Valleys may stipulate as follows: The Coast Valleys Gas and Electric Company shall not, without further order of the Commission, invade any territory served by Coast Counties Gas and Electric Company, or which may be normally served by said company; and the Coast Counties Gas and Electric Company shall not, without further order of the Commission, invade any territory served by Coast Valleys Gas and Electric Company, or which may be normally served by said company.

Sierra and San Francisco Power Company is the owner of a high voltage electric transmission line traversing the northern part of San Benito County supplying energy to Coast Counties Gas and Electric Company at wholesale and to one other large consumer. This line is even farther removed from the lines of Coast Valleys Gas and Electric Company in San Benito County than are the lines of the Coast Counties Gas and Electric Company above referred to. At the present time there appears to be but slight possibility of any conflict between Sierra and San Francisco Power Company or the lessee of its property Pacific Gas and Electric Company and Coast Valleys Gas and Electric Company over rights to supply service in the territory now under consideration. The granting of the present application will in no way affect the rights of Sierra and San Francisco Power Company should such conflict ever arise, and if any such question should come up it may be more

satisfactorily settled from a consideration of the facts as they may develop.

I recommend the following form of order:

**ORDER.**

Coast Valleys Gas and Electric Company having applied to the Railroad Commission for a certificate that public convenience and necessity require the exercise by it of a franchise for the operation of an electric distribution system granted to it by Ordinance No. 103 of the board of supervisors of San Benito County, dated April 7, 1919, and having stipulated in form satisfactory to the Commission, agreeing that it, its successors and assigns, will never claim before this Commission nor any other public body a value for said franchise in excess of \$100, the amount paid to the county of San Benito for said franchise.

The Railroad Commission of the State of California hereby finds as a fact that public convenience and necessity require the exercise by Coast Valleys Gas and Electric Company of the rights and privileges of the above described franchise, provided that the Railroad Commission may hereafter by appropriate proceedings and orders revoke or limit, as to territory not then served by Coast Valleys Gas and Electric Company, the authority herein granted.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

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**DECISION No. 14097.**

**IN THE MATTER OF THE APPLICATION OF MOTOR COACH COMPANY, A CORPORATION, FOR AN ORDER PERMITTING IT TO COMBINE AND MERGE ALL OF ITS EXISTING AUTOMOBILE STAGE LINE OPERATING RIGHTS, AND AUTHORIZING IT TO OPERATE ALL OF ITS STAGE LINES AS ONE UNIFIED SYSTEM AFFORDING A SERVICE TO AND FROM EVERY POINT THEREON (WITH CERTAIN EXCEPTIONS).**

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**Application No. 10007.**

**Decided September 27, 1924.**

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*H. W. Kidd*, for Applicant.

*R. E. Wedekind* and *H. O. Marler*, for Pacific Electric Railway, Protestant.

**By THE COMMISSION.**

**OPINION.**

Motor Coach Company, a corporation, has made application to the Railroad Commission for a certificate of public convenience and necessity, authorizing it to combine and merge all its existing automobile

stage line operating rights, and to operate same as a unified system, and for the removal of certain restrictions heretofore imposed upon its operations.

A public hearing herein was conducted by Examiner Williams at Los Angeles.

Applicant now maintains service between Santa Monica and Long Beach, serving intermediate points, except a portion of the route between Bellport avenue and Gaffey Junction. Applicant, as a successor of J. A. Smith, also operates passenger service between Redondo Beach and San Pedro via Torrance, Lomita, Gaffey Junction and San Pedro. It is the purpose of applicant to merge these operations between Redondo and the terminus of Long Beach, and to so operate the service over each that a necessity for transfer at Gaffey Junction to either terminus will be eliminated.

It is also requested by applicant that the restriction between Bellport avenue and Gaffey Junction be removed in order that service to Harbor City may be given without transfer.

Applicant procured its operating right between Santa Monica and Long Beach under Decision No. 12722, dated October 19, 1923, and procured its certificate right between Redondo and San Pedro by purchase from Richards and Gorst, approved by Decision No. 12990, dated January 4, 1924.

By Decision No. 12722, authorizing the acquisition of the certificate held by the Dillingham Transportation Company between Santa Monica and Long Beach, applicant was forbidden to operate a combined or joint service of its existing operations, unless such combined operation shall be authorized under separate proceeding. Obeying this mandate, applicant has maintained the two services independently, and transfers have been made at Redondo Beach and Gaffey Junction between the two services.

According to the testimony, passengers going from points north of Redondo Beach and Santa Monica to San Pedro are required to transfer at Redondo to the stage of applicant under the Dillingham certificate, and are required to journey in a roundabout way via Torrance and Lomita. Also, passengers from Long Beach and Wilmington destined to Lomita or Torrance, or territory en route to Redondo via these points, must transfer at Gaffey Junction. The result is, there is no through service from Redondo Beach or points north of Redondo Beach to San Pedro, and no service from Torrance and Lomita to Wilmington and Long Beach without transfer.

It is also necessary that passengers between Bellport avenue and Gaffey Junction, a distance of less than one mile, are required to either walk to the transfer junction to reach stages bound for Long Beach, or

walk a similar distance to Bellport avenue, to reach stages to Redondo. The business now conducted was established during competition of the two lines under separate ownership, and because of prior operating rights, and apparently no reason exists now why the applicant should not be permitted to adopt new schedules that would be more convenient and expeditious for the benefit of the public.

R. H. Beaton, secretary of the San Pedro Chamber of Commerce, testified that directors of this organization had thoroughly discussed the application herein and would submit to any rearrangement that would permit through transportation between San Pedro and Santa Monica without transfer, and also through service to Redondo by avoiding the journey through Torrance.

A. L. Owens, secretary of applicant company, and L. E. Doll, agent of applicant company at Redondo, testified as to complaints by passengers, because of the necessity of transfer at either Redondo, Bellport avenue or Gaffey Junction.

J. A. Smith, former owner of the Redondo-San Pedro line, testified that the merger of the two lines, with readjustment of services, would benefit a large population north of Lomita and west of Torrance now employed at Harbor City or Wilmington or Long Beach, who now have no direct means of transportation without transfer.

Applicant introduced many exhibits to sustain its request. The service is given to a territory approximately forty miles of operating distance and contains a population of approximately 275,000. According to applicant's Exhibit No. 5, the two services have transported 308,000 passengers the first six months of 1924. In excess of 500 passengers per month, journeying from Redondo to Wilmington and Long Beach, are required to transfer in either direction. As the territory in and about Torrance, Harbor City, Wilmington, Long Beach and San Pedro is largely industrial, it appears that it will be to the advantage of working men in these industries to obtain direct uninterrupted transportation to and from their employment.

Applicant proposes to establish two schedules from Santa Monica and Venice to San Pedro and Long Beach, alternating over the various routes, and also proposes fares from new points, such as Weston, Waleria, Palo Verde and Clifton, and San Pedro, South Lomita, Torrance and Vista Highlands, these fares to be made effective via shortest route.

Applicant proposes amended schedules under a unified operation contained in his Exhibits Nos. 7, 8 and 9, which carry out the purpose of applicant to conduct through service between termini, which we believe will improve the service to the public.

Upon the record herein we hereby find as a fact, that public conven-

ience and necessity require the merging of the two operations, separately held by applicant, into one operation, and that the applicant be permitted to so merge and join the operations and file the Schedules Exhibits Nos. 7, 8 and 9, and the rates shown in Exhibit No. 6.

Protestant, Pacific Electric Railway, made no opposition to the application after it was stipulated by applicant that no direct service, without transfer at Gaffey Junction, would be established between Long Beach and San Pedro.

#### ORDER.

Motor Coach Company, a corporation, having made application to the Railroad Commission for authority to merge all its operating rights and to modify restrictions upon its service and to establish certain new rates, a public hearing having been held, the matter having been duly submitted and now ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the merging of the operating rights now held by applicant under Decisions No. 12722 and No. 12990; and

*It is hereby ordered*, that a certificate of public convenience and necessity therefor be and the same hereby is granted.

*It is hereby further ordered*, that the portion of Decision No. 12722 restricting operation of Dillingham Transportation Company between Bellport avenue and Gaffey Junction are hereby canceled and annulled, and applicant herein, successor to said Dillingham Transportation Company, is now authorized to conduct operations between said Bellport avenue and Gaffey Junction without restriction as to the receipt and discharge of passengers, provided, however, that no authority is hereby granted for through service between Long Beach and San Pedro.

*It is hereby further ordered*, that applicant herein be authorized to file new time schedules as shown by its Exhibits Nos. 7, 8 and 9 filed herein, and to file additional rates as shown in its Exhibit No. 6 filed herein.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

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#### DECISION No. 14098.

IN THE MATTER OF THE APPLICATION OF THE SAN RAFAEL RANCH COMPANY, A CORPORATION, FOR PERMISSION TO DISCONTINUE WATER SERVICE.

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Application No. 10382.

Decided September 27, 1924.

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Sheldon Borden, for Applicant.

George L. Hampton, for Consumers.

BY THE COMMISSION.

**OPINION.**

The San Rafael Ranch Company, a corporation, the owner of a certain water plant and water distributing system situated partly within the city of Los Angeles, State of California, asks authority to discontinue water service to those consumers in the territory lying within the city of Los Angeles between Avenue 64 and Garvanza street.

A public hearing in this matter was held at Los Angeles, before Examiner Williams, after all the interested parties had been duly notified and given an opportunity to be present and to be heard.

The applicant alleges in effect that it has been serving water for domestic purposes to this territory for some time past, and that owing to the lowering of the water table the available supply is rapidly diminishing; that the distribution system which serves the area in question is old and must be replaced within a short time; and that it will be impossible to serve water to any additional consumers in this territory.

Applicant has entered into negotiations with the city of Los Angeles, which owns and operates a municipal water system, to take over these consumers and serve domestic water. The company has agreed to reimburse the city of Los Angeles for the installation of the necessary pipe lines and for fire hydrant connections. At the present time the applicant does not have either a water supply or pipe line facilities for furnishing any fire protection service within this area.

The applicant presented a statement of revenues and expenses, which shows that for the year 1922 there was an operating loss of \$682.67; in the year 1923 \$1,014.96, and for the first six months of 1924 a loss of \$496.99. These figures do not take into consideration the fact that there has been no money available for an interest return upon the capital investment.

When water service was established in this territory, the consumers deposited with the applicant the cost of meters and services to the amount of \$25 for each connection. They are now willing and ready for the San Rafael Ranch Company to discontinue service under the arrangement which has been made with the city water department, but do not feel that they should be required to deposit any money with the city for meters and service connections. By agreement and stipulation, the company stated that all services and meters would be left in place so that the city of Los Angeles could connect these existing services and meters with the mains to be laid. In the event that the city refused to serve water through the existing services and meters, then the applicant would deposit any amount required for the installation of the necessary facilities. The city of Los Angeles, through its representative, Mr. Ed. B. Mayer, stated that the consumers on this area



would receive water at a probable pressure of 40 to 60 pounds, and of equal or better quality for domestic purposes than that served by the applicant.

The discontinuance of water service by the applicant under the agreement as set forth in this matter would prove a benefit to the consumers in that they would be provided with adequate fire service and an ample supply of water at a cheaper rate than they are now paying.

#### ORDER.

San Rafael Ranch Company, a corporation, having made application to this Commission, as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed thereon:

It is hereby found as a fact that public convenience and necessity do not require the continued operation by the San Rafael Ranch Company of its public utility water system within the city limits of Los Angeles.

And basing the order upon the foregoing finding of fact and upon the statements of fact in the opinion which precedes this order:

*It is hereby ordered,* that the San Rafael Ranch Company, a corporation, be and it is hereby authorized to discontinue the operation of that portion of its system which lies within the city limits of Los Angeles in the vicinity of Avenue 64 and Garvanza street and thereafter be relieved of its obligations to render public utility service within the area covered by the application herein, if and when the water department of the city of Los Angeles has installed the facilities and has assumed the responsibility of serving the company's present consumers in accordance with applicant's Exhibit No. 4 filed herein, and, provided that applicant assume financial obligation for any additional expenditures which may be required for changes in meters and service connections.

*It is hereby further ordered,* that the San Rafael Ranch Company, a corporation, be and the same is hereby directed to notify within twenty (20) days from the date of this order each of its consumers receiving water service within the city limits of Los Angeles in the vicinity of Avenue 64 and Garvanza street, of its intention to discontinue public utility service in accordance with the terms and provisions of this order; and that within twenty (20) days after the obligation to serve all of the above consumers has been assumed by the city of Los Angeles, in accordance with the terms of the order herein, an affidavit to that effect be filed with this Commission by the said San Rafael Ranch Company.

The effective date of this order is hereby fixed as September 30, 1924.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

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DECISION No. 14102.

IN THE MATTER OF THE APPLICATION OF THE CONSOLIDATED WATER AND DEVELOPMENT COMPANY FOR AUTHORITY TO PURCHASE, AND W. T. ESTEP FOR AUTHORITY TO SELL ALL OF THE PROPERTIES OF THE SAID W. T. ESTEP AND FOR FURTHER LEAVE TO BORROW TWENTY THOUSAND DOLLARS ON THE SAID PROPERTIES FOR THE PURPOSE OF REFUNDING CERTAIN DEBTS.

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Application No. 10043.

Decided September 27, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission by Decision No. 13662, dated June 5, 1924, authorized Consolidated Water and Development Company to issue \$20,000 of common stock and \$20,000 of 7 per cent three-year notes and to assume \$34,056.90 of indebtedness referred to in Exhibit "F" of which indebtedness \$20,000 is to be refunded through the issue of notes.

In its application the company asks permission to issue \$250,000 of common stock. The Commission in its decision recites that the evidence submitted at the time of the hearing was not sufficient to warrant the issue of such amount of stock and that it would request its engineering department to make a valuation of the properties which the Consolidated Water and Development Company seeks permission to acquire. Such valuation has been made and shows an estimated historical cost of the properties of \$200,795. The Commission's engineers also estimate that there should be in the reserve for accrued depreciation \$30,229. Representatives of the company have examined the report of the Commission's engineers and have advised the Commission they desire no further hearing in this matter. Deducting the \$34,056.90 of indebtedness, which the company has been authorized to assume, and \$20,000 of stock heretofore authorized to be issued and the \$30,229 of depreciation reserve from the \$200,795, leaves a balance of \$116,509.10. The Commission is of the opinion that the company may be permitted to issue additional stock in the amount of \$116,600.

*It is therefore ordered,* that the Consolidated Water and Development Company be and it is hereby authorized to issue \$116,600 of common

stock, in addition to the \$20,000 heretofore authorized to be issued, for the purpose of paying in part for the properties which the Commission has authorized to be transferred to it by Decision No. 13662, dated June 5, 1924.

*It is hereby further ordered*, that the order in Decision No. 13662, dated June 5, 1924, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

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DECISION No. 14106.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN CALIFORNIA GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF BONDS.

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Application No. 10468.

Decided September 27, 1924.

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A. E. Peat, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Southern California Gas Company asks permission to issue and sell at 93½ per cent of face value, \$2,000,000 of its first and refunding mortgage Series "B" 5½ per cent bonds due 1952, and to use the proceeds to reimburse its treasury, pay indebtedness and finance the cost of additions, extensions, improvements and betterments.

By Decision No. 9019, dated May 28, 1921, in Application No. 6640, the Commission authorized applicant to execute a mortgage or deed of trust to secure the payment of an authorized issue of \$25,000,000 of first and refunding mortgage bonds, issuable in series. Heretofore the company has been authorized to issue \$8,865,000 of first and refunding mortgage bonds, consisting of \$2,865,000 of Series "A" 7 per cent bonds dated March 1, 1921, and due March 1, 1951, \$2,000,000 of Series "B" 5½ per cent bonds dated September 1, 1922, and due September 1, 1952, and \$4,000,000 of Series "C" 6 per cent bonds dated June 1, 1923, and due June 1, 1958.

As of July 31, 1924, applicant reports its assets and liabilities as follows:

*Assets.*

Fixed capital .....	\$25,782,442 63
Investments .....	159,915 10
Capital stock subscription .....	390,615 08
Cash .....	480,596 28
Notes receivable .....	4,020 12
Accounts receivable .....	835,171 62
Interest receivable .....	2,313 06

Materials and supplies	\$1,101,786 51
Prepayments	12,047 50
Deferred expense	2,572 61
Discount on preferred stock	251,676 41
Bond discount and expense	921,314 62
Gas plants abandoned	61,095 93
Other unadjusted debits	81,977 23

Total assets ----- \$30,096,544 70

*Liabilities.*

Preferred stock	\$1,551,200 00
Common stock	6,000,000 00

Total stock ----- \$7,551,200 00

Capital stock subscriptions	456,427 50
Long term debt	13,311,000 00
Purchase obligations	26,795 79
Dividends declared	135,000 00
Current liabilities	1,247,904 83
Deferred liabilities	1,381,290 71
Accruals	641,640 69
Reserve for depreciation	2,526,278 54
Other reserves	326,784 36
Other unadjusted credits	6,000 41
Corporate surplus	2,486,212 87

Total liabilities ----- \$30,096,544 70

By Decision No. 13033, dated January 11, 1924, in Application No. 9660, the Commission authorized applicant to issue and sell \$1,500,000 of Series "C" first and refunding mortgage bonds for the purpose of financing the cost of extensions, additions and betterments. In Application No. 9660, which was filed with the Commission on January 3, 1924, the company reported that prior to November 30, 1923, it had expended for additions and betterments the sum of \$716,251, against which it had issued no bonds, that its December construction expenditures approximated \$300,000 and that its estimated 1924 construction work aggregated \$3,200,700, making a total of \$4,216,951.

In the present application the company reports its actual expenditures from December 1, 1923, to July 31, 1924, as \$3,440,794.82 and its approximate expenditures for August, 1924, as \$789,179 which amounts, added to the \$716,251, result in a total of \$4,946,224.82. Deducting the \$1,500,000 of bonds authorized by Decision No. 13033 there is left expenditures of \$3,446,224.82 up to August 30, 1924, against which bonds have not been issued and which it is now proposed to finance in part, with proceeds from the sale of the \$2,000,000 of bonds now applied for.

In addition, the company estimates that during the last four months of 1924 it will be called upon to expend \$1,508,000 of additions and betterments.

**ORDER.**

Southern California Gas Company, having applied to the Railroad Commission for permission to issue and sell \$2,000,000 of its Series "B" first and refunding mortgage bonds, a public hearing having been held before Examiner Williams and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered,* that Southern California Gas Company be and it is hereby authorized to issue and sell on or before December 31, 1924, at not less than 93½ per cent of face value plus accrued interest, \$2,000,000 of its Series "B" first and refunding mortgage 5½ per cent bonds due September 1, 1952, and to use the proceeds to reimburse its treasury, to pay indebtedness and to finance the cost of additions, extensions, improvements and betterments to its property as indicated in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. Applicant may use the proceeds obtained from the sale of the bonds herein authorized to finance only such part of the cost of the additions, extensions, improvements and betterments referred to herein as is properly chargeable to capital accounts under the classification of accounts prescribed by the Railroad Commission.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$1,500.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

## DECISION No. 14108.

IN THE MATTER OF THE INVESTIGATION OF THE ELECTRIC RATES,  
RULES AND REGULATIONS, SERVICE AND OPERATIONS OF THE  
NAPA VALLEY ELECTRIC COMPANY ON THE COMMISSION'S OWN  
MOTION.

## Case No. 1647.

NAPA COUNTY FARM BUREAU, R. W. SMYTH ET AL.

vs.

NAPA VALLEY ELECTRIC COMPANY.

## Case No. 1903.

Decided September 27, 1924.

**RATES—ELECTRIC UTILITY—RATE BASE.**—In the absence of compelling reasons for a change in policy the Commission will use as the rate base its estimate of the reasonable investment.

**OPERATING EXPENSE.**—Federal income tax included as a part of the operating expense, in conformity with the decision of the United States Supreme Court in the case of *Georgia Railroad and Power Company vs. Railroad Commission of Georgia*.

**REASONABLE RATE OF RETURN.**—After considering the evidence submitted in the several hearings, the results of the Commission's investigations, and the operations of the company in general, it appears that a return of approximately 8 per cent is reasonable.

*T. C. Nelson*, for Napa County Farm Bureau.

*D. L. Beard* and *L. A. Maynard*, for Napa Valley Electric Company.

*R. O. Foster*, for Snow Mountain Water and Power Company.

MARTIN, *Commissioner*.

**OPINION.**

The above entitled proceedings, which were consolidated for hearing and decision, involve a complete investigation of the electric operations, practices, rates and service of Napa Valley Electric Company. This investigation was spread over a period of approximately two years' time. In view of this, a brief description of the extent of the property and other factors affecting the operations of the company is pertinent.

Napa Valley Electric Company was incorporated on September 10, 1907. It supplies gas within the town of St. Helena and electricity in the towns of St. Helena, Rutherford, Oakville and Yountville and adjacent territory, all in Napa County, and also to California Telephone and Light Company for distribution in the town of Calistoga and adjacent territory. The gas plant and electric substation are located on the same parcel of land in the town of St. Helena. The company formerly secured all of its electric energy from Snow Mountain Water and Power Company but now secures a small amount in certain instances for a few of its consumers from Great Western Power Company. There are three circuits feeding out of the substation, one line supplying the town of St. Helena and two lines supplying rural terri-

tory, one running north and the other south from St. Helena. The north line extends some four miles to Bale Station, at which point delivery is made to California Telephone and Light Company. The south line extends some thirteen miles to Oak Knoll at which point energy is purchased from Great Western Power Company for a small number of consumers as already mentioned. The south main line is owned by and leased from Snow Mountain Water and Power Company, but the branch lines feeding from it were constructed by and are the property of Napa Valley Electric Company.

Napa Valley Electric Company has been before the Commission in several electric rate proceedings, the last being in the form of an application for an increase in rates. Owing to the increased costs of labor and materials which followed the war the Commission, in its Decision No. 8381 (19 C. R. C. 84), dated November 26, 1920, authorized an increase in rates. Some time later a complaint of poor service in the town of Calistoga was received by the Commission. Preliminary investigation disclosed the fact that the complaint was well founded but somewhat complicated. California Telephone and Light Company alleged that the interruptions in service and variation in voltage complained of in Calistoga originated in the wholesale supply received from Napa Valley Electric Company rather than in the local system. Napa Valley Electric Company, in turn, placed the responsibility on the wholesale supply received from Snow Mountain Water and Power Company. The latter company, in its turn, alleged that the trouble was due to the operations of Pacific Gas and Electric Company, to which it delivers a large block of power but over whose system it had no control. After an investigation of the whole situation, the Commission's engineering department informally recommended changes in operating routine, the installation of certain equipment and the improvement of certain lines. These recommendations were accepted by all companies concerned, except Napa Valley Electric Company.

In the meantime, informal complaints had been received regarding the rates, service and practices of Napa Valley Electric Company and, on August 13, 1921, the Commission, on its own motion, instituted a formal investigation into the electric rates, rules and regulations and the general practices of Napa Valley Electric Company, to which investigation Case No. 1647 was assigned.

A public hearing was held in St. Helena on November 1, 1921, at which time exhibits were filed showing the results of the Commission's investigations. Napa Valley Electric Company then agreed to improve its system and, in order to give opportunity for carrying out the proposed work and to observe the effects of such improvements, the adjourned hearing was set over from time to time.

Hearing was resumed on May 3, 1923, at St. Helena, at which time

a formal complaint filed with the Commission by Napa County Farm Bureau, R. W. Smyth et al. vs. Napa Valley Electric Company (Case No. 1903) was consolidated with the previous investigation. At this hearing it was agreed that, in order to facilitate procedure, a joint investigation of service and rate matters would be made by a representative of the Farm Bureau, the company, and the Commission. The resultant report was taken up in detail at two later hearings. All told, four hearings were held, fifteen exhibits filed and numerous conferences had.

The proceedings before the Commission at this time, although involving the affairs of a comparatively small company, bring up numerous issues which will now be taken up in detail.

#### Rate Base.

The company claims a rate base of \$160,669 for the year 1922. This is based on the Commission's inventory and appraisal of the property as of March 1, 1914 (Decision No. 1530, 4 C. R. C. 1067), with additions and betterments added since that time. The company has applied estimated percentages of appreciation and depreciation in order to arrive at the cost of reproduction at present prices, less depreciation. There are also included estimates of the value of "South Valley Line" owned by Snow Mountain Water and Power Company, of organization expense and of overhead charges. The following tabulations show the detail of the 1922 claimed rate base and also the rate base estimated by the Commission's engineering department as set forth in the Commission's Exhibit No. 3.

TABLE No. 1.  
Rate Base for Year 1922.

Electric Department—Napa Valley Electric Company.

	Company's claim Exhibit No. 1	Commission's Exhibit No. 3
Property of January 1, 1914..... (From Dec. 1530, 4 C. R. C. 1067.)	\$59,656 00	\$50,342 69
Additional property—Jan. 1, 1914 to Dec. 31, 1921.....	54,837 00	53,219 47
Leased "South Valley Line".....	15,689 00	
Property not on books.....	600 00	
Organization expense.....	5,000 00	
Overhead charges.....	6,481 00	
Total—Jan. 1, 1922.....	\$142,263 00	\$103,562 16
Additions for 1922. Average for year.....	12,816 00	6,350 23
Same incorrectly charged to operation.....	680 00	680 00
Average fixed capital, 1922.....	\$155,759 00	\$110,592 39
Working cash capital.....	3,910 00	2,765 00
Materials and supplies.....	1,000 00	1,000 00
Deduct consumers advances in aid of construction.....		13,236 21
Rate base for year 1922.....	\$160,669 00	\$101,121 18

These claims again raise the question as to whether rates shall be based on the reasonable investment in the property or on its "value" as estimated from the cost of replacement at present-day prices. This



question has been discussed at length in previous decisions (most recently in Decision No. 11457 re Pacific Gas and Electric Company, 22 C. R. C. 744) and in the absence of compelling reasons for a change in policy the Commission will use as the rate base its estimate of the reasonable investment.

The company urges that it is entitled to earn a return on the value of the "South Valley line" previously referred to, which it leases from Snow Mountain Water and Power Company. In certain previous cases the Commission has included in operating expenses, or in the fair return, a reasonable rental paid for leased property and has judged the fairness of the rental by comparison with the cost of the property leased. (Decision No. 8119, The Southern Sierras Power Company, 18 C. R. C. 818; Decision No. 11457, Pacific Gas and Electric Company, 22 C. R. C. 744.) In these instances, however, we were considering a bona fide lease of valuable property, while in the present case only a nominal rent is paid. The evidence in this and in previous matters before the Commission shows that the lease under consideration may be terminated on short notice and is in practical effect a revokable permit for the use of the line free of charge. The same claim has previously been disallowed and no good cause appears for any change in policy at the present time. (Decision No. 1530, 4 C. R. C. 1064; Decision No. 1663, 5 C. R. C. 86; Decision No. 8381, 19 C. R. C. 84.)

The company has estimated \$5,000 as its organization expense and claims no allowance has been made for same. In the Commission's Exhibit No. 1, filed in connection with Case No. 538 (Decision No. 1530, 4 C. R. C.) a 15 per cent overhead charge was used in appraising the company's property. This charge covered superintendence, engineering, *organization* and other items. The appraisal was accepted as correct by the company. In Decision No. 1530 (4 C. R. C. 1066) and Decision No. 1663 (5 C. R. C. 85) the Commission stated that no satisfactory evidence had been presented to show the cost of developing the business but that in order to be fair the estimated reproduction value new of the property would be taken as a basis on which a return would be allowed. From the foregoing statements it is apparent that full consideration has been given to and an adequate allowance made for organization expense.

The matter of working cash capital has likewise been brought up by the company. The company claims \$3,910 is necessary for this purpose. By taking one-sixth of the operating expenses reasonably incurred, exclusive of purchased power, taxes and insurance, plus one-twelfth of the cost of purchased power and deducting from this one-fourth of the state tax accrual for the year, a figure of \$3,008 is reached.

The company claims \$6,481 for overhead charges that do not appear

on its books. On the other hand the Farm Bureau lays stress on the fact that the company's records show but \$3 written out of capital accounts since coming under the jurisdiction of this Commission and claims that \$5,000 should be deducted from capital to cover this discrepancy. The company based its estimate of \$6,481 on its estimated depreciated value of the property instead of on actual costs. The correct figure would therefore be somewhat lower.

Investigation of the company's books and records showed many discrepancies between capital and operating accounts. The company has been negligent in this matter and no accurate determination can be made of the amount of supervisory expense that should properly have been apportioned to capital and to operating accounts. It appears from the evidence and the Commission's investigation, consideration having been given to several other small items, that the claim of the company of an allowance for overhead charges and the claim of the Farm Bureau of a deduction from capital for property abandoned substantially offset each other. Under these circumstances no allowance will be made in capital for overhead charges, nor will any deduction be made in the present case for the abandonment of property.

The company claims that when considering average investment for the year 1922 allowance should be made for the actual time capital is invested and that consideration should also be given to capital additions and betterments not inducive to new business. It appears that the Commission's engineering department gave consideration to this matter, a complete study of the company's operations over a period of several years having been made with respect to both capital and operating expense accounts. This was necessary because investigation showed that the company's operations in 1922 were abnormal and could not be used without adjustment in determining reasonable rates. As a result of this study estimates of normal expenditures considered reasonable for 1922 were made.

All things considered, the figure of \$6,350.23 as estimated by the Commission's engineering department and set forth in the Commission's Exhibit No. 3 is found reasonable.

The company claims that the money advanced by the consumers to the company for the building of electric line extensions should not be deducted from the rate base and urges that it be permitted to earn a return on such capital. The collection of this money by the company is permitted on the theory that the investment of considerable sums in unlucrative line extensions would work a hardship on other consumers through an ultimate increase in rates. To allow a return on this investment now would be to defeat the object of the advance payments. However, it appears that the deduction of \$13,236.21, an

average of the years 1921 and 1922, as set forth in the Commission's Exhibit No. 3, is unfair to the company since the rates established for a utility are generally in effect for several years and the amount of money owed to consumers by this company for the next few years is likely to be less than the above average. On the other hand, it would be unfair to the consumers to deduct the smallest amount owed for any one year. A reasonable sum to be deducted from the rate base on account of such advance payments is found to be \$8,700.

The rate base for 1922 submitted by Napa Valley Electric Company in its Exhibit No. 1 as set forth in Table No. 1 herein, should, it appears, be reduced by approximately \$55,000 to cover deductions above found reasonable.

The following Table No. 2 sets forth the estimated rate base claimed by Napa Valley Electric Company and the estimated rate base found reasonable for the year 1922, as determined from the evidence in these proceedings.

TABLE No. 2.

**Reasonable Rate Base, 1922—Electric Department, Napa Valley Electric Company.**

	Company's claim	Commission's finding
Physical property, including land .....	\$127,309 00	\$109,912 00
Additions to capital incorrectly charged to operating expenses—1922 average .....	680 00	680 00
Leased "South Valley line" .....	15,689 00	
Property not on books .....	600 00	
Organization expense .....	5,000 00	
Working cash capital .....	3,910 00	3,008 00
Materials and supplies .....	1,000 00	1,000 00
Overhead charges .....	6,481 00	
Deduct consumers' advances .....		8,700 00
<b>Total rate base</b> .....	<b>\$160,669 00</b>	<b>\$105,900 00</b>

**Operating Expenses.**

The engineering department of the Commission estimated \$37,028 as the total operating expenses for 1922 as set forth in the Commission's Exhibit No. 3. The following Table No. 3 shows the estimated operating expenses in detail:

TABLE No. 3.

**Estimated Operating Expenses, 1922—Electric Department, Napa Valley Electric Company.**

(C. R. C. Exh. 3 as modified by oral testimony.)

Production .....	\$14,320 00
Distribution .....	7,025 00
Commercial .....	1,813 00
General officers and miscellaneous .....	8,350 00
Overhead charges credited to operating expenses—credit .....	1,500 00
Insurance .....	640 00
Taxes .....	3,200 00
Depreciation .....	3,090 00
	<b>\$37,028 00</b>

Considerable time was devoted to the matter of reasonable operating expenses by both the company and the Farm Bureau. The company claims that the allowance should be increased for certain operating

accounts. The Farm Bureau on the other hand claims that the gas department of the company should be charged with a pro rata of the general expense common to both the gas and electric departments. The gas business of Napa Valley Electric Company has not been a profitable venture, the revenue in spite of increased rates hardly being sufficient to meet operating expenses let alone afford a return on the investment. Were the gas department of the company to cease operations the same force and general expenditures so far as the accounts in question are concerned, would practically be necessary for the electric department. In view of these conditions and the fact that the gas business plays a relatively small part in the company's operations, the Commission is of the opinion that no injustice will result to the electric consumers if the comparatively small amount of general expense questioned is borne by the electric department.

The Commission's engineering department estimated \$640 as a proper operating expense allowance for insurance. The company urges that this be raised because of increased coverage on its present public liability policy and because of increased pay roll in the latter part of 1922 which, it alleges, affects both public liability and employees' liability policies. The company also urges that allowance of \$114.26 be made for accident and life policies insuring the manager.

It appears that the company's claims in part should be recognized since the items of increased coverage and pay roll are consistent with the growth of the business. The increased coverage rate and the actual 1922 pay roll should therefore be used in computing premiums. In regard, however, to the claim of \$114.26 for policies insuring the manager of the company, it may be said that while this no doubt might be considered as an indication of good business foresight from the viewpoint of the stockholders who would receive the benefits, it does not follow that in ascertaining the reasonable rates for service that the company is entitled to receive from the public, such a charge should be included. The money collected in event of the death of the manager would never find its way into operating revenue, nor is it likely that consumers would be given any benefit in the form of a reduction in rate.

In considering the several policies of the company full consideration has been given to the matter of segregating the expense between the gas and electric departments. A figure of \$753 is found to be a reasonable allowance for insurance in the electric department.

In the Commission's Exhibit No. 3, \$3,290 is estimated as a proper allowance for taxes. This does not include federal income tax. In view of the decision issued June 11, 1923, by the Supreme Court of the United States, in the case of *Georgia Railroad and Power Company vs. Railroad Commission of Georgia*, in determining the rates in these

proceedings the federal income tax will be included as a part of the operating expense. A reasonable allowance for taxes is found to be \$3,774.

The following Table No. 4 sets forth the revenue, the estimated reasonable operating expenses and the rate of return on the rate base found reasonable for the year 1922:

**TABLE No. 4.**  
**Estimated Reasonable Operating Expenses and Rate of Return on Estimated Reasonable Rate Base, 1922—Electric Department, Napa Valley Electric Company.**

Revenue electric operations.....	\$50,605 00
Expenses:	
Production .....	\$14,320 00
Distribution .....	7,025 00
Commercial .....	1,813 00
General officers and miscellaneous.....	8,400 00
Credit to operating expense—credit.....	1,500 00
Insurance .....	753 00
Taxes .....	3,774 00
Uncollectible bills.....	200 00
Total expenses.....	\$34,785 00
Depreciation .....	3,100 00
	\$37,885 00
Net for return.....	\$12,720 00
Rate of return on rate base of \$105,900, 12 per cent.	

#### **Reasonable Rate of Return.**

After considering the evidence submitted in the several hearings, the results of the Commission's investigations and the operations of the company in general, it appears that a return of approximately 8 per cent is reasonable.

It is estimated that the rates established in the order herein would have resulted in a rate of return slightly in excess of 8 per cent for the year 1922, and somewhat less than 8 per cent for the year 1923. This is due primarily to the fact that considerable additions and betterments were added to substation plant during 1922, and included in capital in 1923 which will take care of an increase in load for several years to come without necessitating further similar investment. Under these conditions, with a normal rate of growth, the company's revenue, under these rates, should soon increase to a point where the rate of return will average approximately 8 per cent.

#### **Rates.**

An examination of the present rate schedules of Napa Valley Electric Company shows that, under present rates, the cost of service is not as fairly distributed among various classes of consumers as it might well be. This is particularly true as regards power consumers, especially those using a small amount of energy in proportion to the capacity of their installation.

For many years the schedules of this company provided practically no minimum charge whatever for power service, and for the past few years the minimum charge has been quite low. As a result, there are a few large power consumers whose total bills are scarcely sufficient to pay the cost of interest and maintenance on the transformers which the company necessarily keeps at their disposal. The company and its other consumers are placed at a disadvantage by the fact that these few consumers have been connected to the lines. This condition should not exist and the only way that it can be eliminated is to increase the charges paid by power consumers using very little energy in proportion to the size of their installations. At the same time, it must be remembered that some of these consumers may have been induced by the existence of the former rates to install electric motors instead of other forms of power. In fairness to such individuals, the minimum charges can not be increased to the point that might be justified by the consideration of cost alone.

The schedules included in the order accompanying this opinion provide for increased minimum charges for power service, but such charges are still considerably less than those in effect in other parts of the state, especially for large installations. This characteristic of the company's existing schedules has worked a particular disadvantage in connection with the use of electricity for agricultural pumping. The low rates to the consumers who use their installations but a few hours in the year have made necessary rates for energy that make the cost of a large amount of pumping by electricity almost prohibitive. As the result of a study of the situation by representatives of the Farm Bureau and the Commission, a special rate is provided in the accompanying order for agricultural service. This rate is patterned after rates for such service that have proved satisfactory in the operations of other and larger companies serving many thousands of consumers of this class. Unfortunately, some increases in the bills to consumers using their pumping plants but a few hours during the year will result, but the schedule is such as to make general irrigation pumping by electricity practical and will result in a material reduction in the bills of agricultural consumers as a class.

In connection with the other schedules covering domestic and street lighting service, a general reduction is accompanied by a few changes in the arrangement of rates that have been proven desirable from the application of similar rates on many other electric systems in the state.

#### **Rules and Regulations.**

An analysis of complaints regarding the practices of this company, including both those complaints made at the hearings in this case and the complaints received informally by the Commission from time to

time, indicates a feeling of suspicion on the part of consumers and a belief that the treatment accorded them by the company is sometimes discriminatory or arbitrary.

A great many other electric utilities in California have filed with this Commission, in connection with their rate schedules and tariffs, a statement of definite rules covering the conduct of their business with their consumers, and copies of these rules, as approved by the Commission, are open to the public in all offices.

Experience has shown that this procedure is an important factor in overcoming the consumers' lack of confidence in the fairness of the utility and the reasonableness of certain of its requirements. The rules and regulations which Napa Valley Electric Company has heretofore had on file with the Commission do not adequately cover the ground, and leave open many points of possible dispute between the company's representatives and its consumers. The accompanying order, therefore, provides for the filing by this utility of a complete statement of the regulations governing its relations with its consumers.

#### Service.

The Commission's engineering department has devoted a large amount of time to the investigation of Napa Valley Electric Company's plant and operations and to the operations of other companies with whose systems the Napa Valley Electric Company is connected. Investigations at various times were made from the year 1920 to 1923, inclusive. Many improvements were requested to be made for the benefit of service. The effects of these improvements have been watched and charted. Napa Valley Electric Company has spent approximately \$30,000 in additions and betterments, reconstruction and maintenance work in the past three years over and above the normal expenditures in capital and operating expenses of the year 1920 used as a base. Service as a result has been greatly improved and exclusive of the possible effect of a portion of the system yet to be reconstructed and the operations of other companies' systems over which it has no control, Napa Valley Electric Company is now rendering service comparable to companies of a similar size. The evidence of poor service presented at the last hearing in St. Helena all referred to past conditions rather than to any difficulties then being experienced.

An early investigation indicated that the overhead electric lines of Napa Valley Electric Company were as a whole in violation of the state laws, chapter 499, Statutes of 1911 as amended by chapter 600, Statutes of 1915. Directions and instructions to correct these violations having been given by the Commission's engineering department, the company has been removing such infractions in conjunction with its maintenance and reconstruction program. An inspection of the company's system on

February 28, 1924, indicated that Napa Valley Electric Company can reasonably bring its overhead lines in full compliance with the state laws and complete its reconstruction program as outlined and supervised by the Commission's engineering department on or before January 1, 1925.

#### ORDER.

The Railroad Commission having instituted an investigation on its own motion into the electric rates, rules and regulations, service and operations of Napa Valley Electric Company, and Napa County Farm Bureau, R. W. Smyth et al., having filed a complaint with the Railroad Commission against Napa Valley Electric Company, the two cases having been combined, public hearings having been held and the matter being submitted and now ready for decision:

The Railroad Commission of the State of California hereby finds as a fact that the electric rates and the rules and regulations applying to the electric service of Napa Valley Electric Company are unjust and unreasonable in so far as they differ from the rates and rules and regulations prescribed herein.

Basing its order on the foregoing finding of fact and the findings of fact in the opinion preceding this order;

*It is hereby ordered, that:*

1. Effective with bills for flat rate service delivered during the month of October, 1924, and with bills for metered service, based on regular monthly meter readings taken on and after November 1, 1924, Napa Valley Electric Company charge and collect for electric service delivered the rates set forth in Exhibit "A" attached to this order and made a part thereof;

2. On or before October 15, 1924, Napa Valley Electric Company file with this Commission the rates set forth in Exhibit "A" above mentioned;

3. Before January 1, 1925, Napa Valley Electric Company file with this Commission a detailed statement of the rules and regulations governing the conduct of its business with its electric consumers;

4. The time during which Napa Valley Electric Company may reconstruct its overhead electric lines in order to comply with the requirements of chapter 499, Statutes of 1911, as amended by chapter 600, Statutes of 1915, of the State of California, be and it is hereby extended to January 1, 1925;

5. Before January 1, 1925, Napa Valley Electric Company complete the reconstruction of its overhead electric lines in order to remove violations of said chapter 499 as amended by chapter 600;

6. The effective date of this order is October 15, 1924.

The foregoing opinion and order are hereby approved and ordered



filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of September, 1924.

## EXHIBIT "A."

### SCHEDULE L-1.

(Canceling Schedule L-1 now in effect.)

#### *General Lighting Service.*

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3-horsepower total capacity.

#### *Territory.*

Applicable to service in the entire territory served within incorporated limits.

#### *Rate.*

First 8 kilowatt hours or less per meter per month	-----\$1.00 per month
Next 42 kilowatt hours per meter per month	----- 7¢ per k.w.h.
Next 150 kilowatt hours per meter per month	----- 6¢ per k.w.h.
All over 200 kilowatt hours per meter per month	----- 5¢ per k.w.h.

#### *Special Conditions.*

Single phase motors of a capacity of 3-horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service the total energy is supplied through one meter.

The minimum charge applicable to this combination service is the minimum charge as set forth above.

### SCHEDULE L-2.

(Canceling Schedule L-1 now in effect.)

#### *General Lighting Service.*

Applicable to general domestic and commercial lighting service, including household appliances and single phase motors not exceeding 3-horsepower total capacity.

#### *Territory.*

Applicable to service in the entire territory served outside of incorporated limits.

#### *Rate.*

First 8 kilowatt hours or less per meter per month	-----\$1.25 per month
Next 42 kilowatt hours per meter per month	----- 7¢ per k.w.h.
Next 150 kilowatt hours per meter per month	----- 6¢ per k.w.h.
All over 200 kilowatt hours per meter per month	----- 5¢ per k.w.h.

#### *Special Conditions.*

Single phase motors of a capacity of 3-horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer, provided in case of combination service the total energy is supplied through one meter.

The minimum charge applicable to this combination service is the minimum charge as set forth above.

### SCHEDULE L-3.

(Canceling Schedule L-2 now in effect.)

#### *Street and Highway Lighting.*

Applicable to service to street, highway and other public outdoor lighting installations.

#### *Territory.*

Entire territory served by the company.

#### *Rate.*

5 cents per kilowatt hour.

### SCHEDULE C-1.

(Canceling Schedule C now in effect.)

#### *General Heating and Cooking Service.*

Applicable to general domestic and commercial heating, cooking or water heating service and to any combination thereof. Schedule P-1 is an optional rate for commercial heating and cooking installations.

*Territory.*

Entire territory served by the company.

*Rate.*

First 150 kilowatt hours per meter per month----- 4 cents per k.w.h.  
All over 150 kilowatt hours per meter per month----- 2½ cents per k.w.h.

*Minimum Charge.*

First 5 kilowatts or less of connected capacity----- \$2 50 per month  
Over 5 kilowatts of connected capacity----- 50 per month

Minimum charges are based on the total active connected load of heating, cooking and water heating capacity which may be connected at any one time.

*Special Conditions.*

- (a) Service normally will be 110/220-volt three-wire single-phase alternating current.
- (b) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time, computed to the nearest one-tenth of a kilowatt.
- (c) Single-phase motors, aggregating five horsepower or less, may be combined with cooking or heating under this schedule, in which case each horsepower shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.
- (d) When the consumer signs a contract for service for a period of one year, the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

**SCHEDULE C-2.**

(Canceling Schedule C now in effect.)

*Combination Domestic Service.*

Applicable to domestic lighting used in conjunction with heating, cooking or water heating or any combination thereof.

*Territory.*

Entire territory served by the company.

*Rate.*

\*First 30 kilowatt hours per meter per month----- 9 cents per k.w.h.  
Next 150 kilowatt hours per meter per month----- 4 cents per k.w.h.  
Over 180 kilowatt hours per meter per month----- 2½ cents per k.w.h.

*Minimum Charge.*

First 5 kilowatts or less of connected capacity, exclusive of lighting and lamp socket devices, \$2.50 per month.  
Over 5 kilowatts of connected capacity, exclusive of lighting and lamp socket devices, 50 cents per kilowatt per month.

*Special Conditions.*

- (a) Service will normally be 110/220-volt three-wire single-phase alternating current.
- (b) This rate applies only where a domestic consumer installs and uses appliances other than lamp socket devices of at least 2 kilowatt capacity for residences, flats or apartments of eight rooms or less, and 5 kilowatts for residences, flats and apartments of nine rooms or more.
- (c) Bathrooms, halls and cellars are not classified as rooms.
- (d) Connected load will be taken as the name plate rating of all heating and cooking apparatus permanently installed and which may be connected at any one time computed to the nearest one-tenth of a kilowatt.
- (e) Single-phase motors, aggregating 5 horsepower or less, may be combined with cooking and heating under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.
- (f) When the consumer signs a contract for service for a period of one year, the minimum charges will be made accumulative for the service year. The minimum charges are payable in monthly installments until such time as the accumulative energy charges equal the annual minimum charge.

\*For residences, flats or apartments of more than 8 rooms add 5 kilowatt hours per additional room to the first block.

**SCHEDULE P-1.**

(Canceling Schedule P-1 now in effect.)

*General Industrial Power Service.*

Applicable to general commercial and industrial power service, and to commercial heating and cooking service and rectifier service. Alternating current will be supplied at any standard voltage from 110 to 2200 volts as may be requested by the consumer.

*Territory.*

Entire territory served by the company.

*Rate.*

Horsepower of connected load	Rate per k.w.h. for monthly consumption of			
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	Next 150 k.w.h. per h.p.	All over 250 k.w.h. per h.p.
2-9 -----	4.5 cents	3.0 cents	2.0 cents	1.7 cents
10-24 -----	4.0 cents	2.5 cents	1.8 cents	1.7 cents
25-49 -----	3.5 cents	2.0 cents	1.7 cents	1.5 cents
50 and over -----	3.0 cents	1.8 cents	1.6 cents	1.5 cents

*Minimum Charge.*

First 10 horsepower of connected load \$1 per horsepower, but in no case less than \$1.25 per month.

Next 15 horsepower of connected load 50 cents per horsepower per month.

All over 25 horsepower of connected load 25 cents per horsepower per month.

The minimum charge may, at the option of the consumer, be made accumulative over a 12-month period, in which case a contract for not less than one year may be required.

*Special Conditions.*

- This schedule of rates will apply, to service rendered at any standard voltage at the option of the consumer. All necessary transformers to obtain such voltage will be supplied, owned and maintained by the company.
- Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.
- Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

**SCHEDULE P-2.**

(Canceling Schedule P-2 now in effect.)

*Agricultural Power Service.*

Applicable to general agricultural power service, including pumping, feed choppers, milking machines, heating for incubators, brooders, poultry house lighting and general farm use, excluding domestic cooking and lighting service.

*Territory.*

Entire territory served by company.

*Rate.*

Size of installation, horsepower	Energy charge in addition to demand charge		
	Annual demand charge per h.p.	Rate per kilowatt hour for consumption per horsepower per year of	
		First 1000 k.w.h.	All over 1000 k.w.h.
1-4 -----	*\$7.00	1.9 cents	1.5 cents
5-14 -----	6.00	1.7 cents	1.4 cents
15-49 -----	5.50	1.5 cents	1.3 cents
50 and over -----	4.50	1.4 cents	1.3 cents

*Special Conditions—*

- Agricultural year—

The above rates will apply to the yearly periods between the regular monthly meter readings taken during the month of April of each year.

- Payment of demand charges—

Demand charges will be payable in six equal monthly installments, beginning with the bill, based on the regular May meter reading.

\*In no case will the total annual demand charge be less than \$14.

## (c) Guaranteeing rates for larger size installations—

Any consumer may obtain the rate for a larger installation by guaranteeing the rates and demand charge of that larger installation.

## (d) Contracts—

The company may require a contract for service under this schedule for a period not to exceed three years when service is first rendered and thereafter from year to year.

## (e) Charges for service begun or discontinued during the service year—

When service is first begun or permanently discontinued during the service year, the demand charge will be prorated according to the proportion of the six months season from April 1 to September 30 during which service is taken.

Adjustment for permanent increase or decrease in load will be made upon the same basis, considering the old load as discontinuing and the new load as beginning service.

Such adjustments apply only to the permanent discontinuance of service or to the beginning of new service and will not be made when installations shut down for a few months or for the balance of a season.

## (f) Service supplied before April, 1925—

The rate provided above for the first 1000 k.w.h. per h.p. will apply to energy used after the regular meter reading taken during October, 1924, and before the regular meter reading taken during April, 1925. The rate, including demand and energy charges, as set forth above will then become effective.

**SCHEDULE P-3.**

(Canceling Schedule P-3 now in effect.)

**Wholesale Power Service.**

To California Telephone and Light Company at Bole Station.

**Rate.**

First 15,000 k.w.h. per month.....	2 cents per k.w.h.
Over 15,000 k.w.h. per month.....	1.7 cents per k.w.h.

To Napa County Veterans' Home at Yountville.

**Rate.**

2½ cents per kilowatt hour.

**DECISION No. 14123.**

**IN THE MATTER OF THE APPLICATION OF CONSOLIDATED MOTOR FREIGHT LINES, INCORPORATED, FOR ORDER AUTHORIZING ISSUE OF STOCK.**

**Application No. 10437.**

**Decided October 2, 1924.**

*J. B. McFarland*, for Applicant.

By THE COMMISSION.

**OPINION.**

In this application Consolidated Motor Freight Lines, Incorporated, asks permission to issue and sell 9597 shares of its capital stock of the aggregate par value of \$47,985 for the purpose of financing the cost of additional equipment, of paying advertising costs and of providing working capital.

The application shows that the company is engaged in transporting freight between Oakland, Richmond, San Leandro and Hayward and locally in San Francisco and Oakland. It appears that the corporation was organized on or about May 25, 1921, with an authorized capital

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stock of \$75,000 divided into 15,000 shares of the par value of \$5 each, of which \$74,500 heretofore has been issued under former orders from the Commission. It is now reported that applicant has increased its authorized capital stock to \$250,000 divided into 50,000 shares of the par value of \$5 each, all common.

Applicant now asks permission to issue \$1,800 of stock to E. N. Walter in payment of services rendered as president and to issue and sell \$46,185 of stock. It reports that it proposes to sell its stock to net not less than par and it asks permission to use the proceeds as follows:

To buy two 5-ton second-hand White trucks-----	\$5,300 00
To convert same into tractors-----	1,250 00
To buy two low-bed trailers-----	3,440 00
To pay for lumber and heavy iron and steel carrier 2-wheel tractor attachment -----	1,070 00
To buy one new 5-ton White chassis freight body, top sides, complete--	5,500 00
To paint company's colors and sign on new trucks-----	325 00
To enlarge office in Oakland-----	800 00
To build sheds to house additional trucks on property adjoining Oak-land terminal-----	1,250 00
To equip and lease Richmond Dock offices fixing dock and put roadway in repair, etc-----	1,250 00
To pay advertising cost-----	6,000 00
To provide working capital-----	20,000 00
Total-----	<u>\$46,185 00</u>

At the hearing in this matter applicant reported that it had decided not to acquire the new White truck for \$5,500 but, instead, to purchase three low-bed trailers at a cost of \$5,100 and the application was amended to that extent.

If applicant desires to compensate its president for services rendered, we believe that such payment should be made in cash obtained from the earnings of the company and not in stock. The request to issue \$1,800 par value of stock will be denied.

The company reports that it should expend \$6,000 for advertising and the promotion of new business and it asks permission to establish a fund of this amount with proceeds from the sale of stock. The uniform classification of accounts prescribed by the Commission for Class "A" automotive companies provides that money expended for advertising should be charged to operating expense account 651—"Advertising." This account reads:

This account shall include salaries and expenses of advertising agents, cost of printing, publishing, and distributing time tables, folders, notice to shippers and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic, signs on cars advertising special events; portables for signs for attracting traffic, bulletin boards, cards, cases, display cards and photographs; postage and express charges on advertising matter; cost of bill posting; donations made for traffic purposes and for entertaining conventions and similar expenses.

Whatever money the company expends for advertising should be withdrawn from earnings and not obtained from the sale of stock.

In addition it asks permission to use \$20,000 for working capital. It reports that its volume of business is rapidly increasing and that based on the first six months operations, its business during 1924 should increase 100 per cent over 1923. It appears that a large portion of the company's business is transacted on a charge basis, the accounts running from 45 to 90 days. Considering the amount of business transacted by applicant and the freight advances which it is obliged to make, we believe that a working capital of \$20,000 should be allowed.

While applicant asks permission to sell its stock at not less than par, net to it, it appears that such stock will be offered to the public, through J. A. Snowden & Company, or some other fiscal agent, at \$6.25 a share, or 125 per cent of par value. We will not allow a selling commission of 25 per cent. J. B. McFarland is of the opinion that the stock can be sold for \$6.25 per share (par value \$5). The order herein will authorize the issue and sale of 8037 shares (par value \$40,185) of stock at not less than \$6.25 a share and will provide that an amount of the proceeds not exceeding 15 per cent of the par value of stock sold may be used for payment of selling expenses and commissions.

#### ORDER.

Consolidated Motor Freight Lines, Incorporated, having applied to the Railroad Commission for permission to issue \$47,985 of common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue of \$40,185 of stock is reasonably required by applicant and that this application should be granted to the extent indicated in this order:

*It is hereby ordered*, that Consolidated Motor Freight Lines, Incorporated, be and it is hereby authorized to issue on or before June 30, 1925, 8037 shares of its capital stock of the aggregate par value of \$40,185.

The authority herein granted is subject to the following conditions:

1. Applicant may sell 8037 shares (par value \$40,185) of the stock at not less than \$6.25 a share.
2. Of the proceeds obtained from the sale of the \$40,185 applicant may use, if necessary, an amount not exceeding 15 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale thereof, and may use the remaining proceeds to finance the cost of additional property and equipment, to provide working capital, as indicated in the foregoing opinion. Any proceeds not needed for these purposes may be expended only as hereafter authorized by the Commission in supplemental orders.
3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as

will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted shall become effective upon the date hereof.

*It is hereby further ordered*, that this application in so far as it involves the issue of 1560 shares (\$7.800 par value) of stock, be dismissed without prejudice.

Dated at San Francisco, California, this second day of October, 1924.

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DECISION No. 14129.

IN THE MATTER OF THE APPLICATION OF PORT COSTA WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE BY IT OF SIXTY THOUSAND DOLLARS PRINCIPAL AMOUNT OF ITS FIRST MORTGAGE SINKING FUND GOLD BONDS, SERIES "A." AND THE ISSUANCE BY IT OF ITS PROMISSORY NOTE IN THE PRINCIPAL SUM OF FORTY THOUSAND DOLLARS.

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Application No. 10499.

Decided October 4, 1924.

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*Jones and Dall*, by *M. R. Jones*, for Applicant.

MARTIN, *Commissioner*.

OPINION.

Port Costa Water Company asks permission to issue and sell at 95 and accrued interest \$60,000 face value of 6½ per cent first mortgage bonds due July 1, 1936, and \$40,000 of 6 per cent unsecured notes to be dated October 15, 1924, and to mature serially at the rate of \$1,000 per month beginning November 15, 1924. It further asks permission to use the proceeds obtained from the issue of the bonds and notes to acquire approximately 364.9 acres of land on which it intends to drill wells and develop an additional water supply.

It is of record that George W. McNear has entered into an agreement for the benefit of the stockholders of the Port Costa Water Company, with Western Group Securities Company, to purchase about 1,716.33 acres of land in the Government Ranch in Contra Costa County on or before October 15, 1924, for the sum of \$150,000. Of this land about 364.9 acres which is believed to be water-bearing land and which is also the best agricultural land in the entire acreage, will be sold to the Port Costa Water Company for \$100,000. The company is also to receive the water rights in the adjoining lands purchased by George W. McNear. The testimony shows that there are now two wells located on

the land which the water company intends to purchase; that such wells have been tested and that the investigations made convince the officers of the Port Costa Water Company that the land which it intends to acquire will enable it to develop an additional water supply. The land is located near the company's present pumping station at Galindo, Contra Costa County. The officers of the company believe that the land which the company now has an opportunity to purchase is the only land near its present holdings on which it can develop an additional water supply.

I herewith submit the following form of order:

#### ORDER.

Port Costa Water Company having applied to the Railroad Commission for permission to issue \$60,000 of bonds and \$40,000 of notes, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such bonds and notes is reasonably required by applicant and that the expenditures herein authorized are not in whole, or in part, reasonably chargeable to operating expense or to income;

*It is hereby ordered*, as follows:

1. Port Costa Water Company may issue and sell at 95 and accrued interest on or before November 15, 1924, \$60,000 of 6½ per cent first mortgage bonds due July 1, 1936, and may issue and sell at not less than par a \$40,000 6 per cent unsecured note to be dated October 15, 1924, and mature monthly at the rate of \$1,000 per month beginning November 15, 1924. The proceeds realized from the issue and sale of the bonds and note shall be used by the company to pay for the land, approximately 364.9 acres, referred to in the foregoing opinion and in this application.

2. Port Costa Water Company shall keep such record of the issue, sale and delivery of the bonds and note herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$100.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this fourth day of October, 1924.



## DECISION No. 14133.

IN THE MATTER OF THE APPLICATION OF HOME TELEPHONE AND TELEGRAPH COMPANY OF PASADENA, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF COMMON CAPITAL STOCK OF THE PAR VALUE OF THREE MILLION DOLLARS.

Application No. 10252.

Decided October 4, 1924.

*Pillsbury, Madison and Sutro*, by *H. D. Pillsbury*, for Applicant.

BY THE COMMISSION.

## OPINION.

Home Telephone and Telegraph Company of Pasadena asks the Railroad Commission to make an order authorizing it to issue and sell at not less than \$90 per share 30,000 (\$3,000,000 shares par value) of its common capital stock and use the proceeds to pay indebtedness.

The Home Telephone and Telegraph Company of Pasadena was organized on or about June 29, 1903. The company has an authorized stock issue of \$5,000,000 divided into 50,000 shares of the par value of \$100 each. As of May 31, 1924, stock in the amount of \$519,000 is reported as outstanding. The company has outstanding bonds in the amount of \$471,500. As of May 31, 1924, it owed The Pacific Telephone and Telegraph Company (advances from system corporations) the amount of \$2,807,472.16. It was also indebted to the Pasadena branch of the Pacific Southwest Trust and Savings Bank in the sum of \$19,500. The amount of other liabilities appears in the following balance sheet:

<i>Assets.</i>	
Intangible capital .....	\$210,725 00
Right of way .....	19,100 01
Land and buildings .....	275,863 32
Central office equipment .....	648,251 56
Station equipment .....	451,690 41
Exchange lines .....	1,956,460 05
Interest during construction .....	6,478 80
General equipment .....	33,994 71
Total fixed capital .....	\$3,602,563 86
Construction work in progress .....	126,590 89
Total permanent and long-term investments .....	\$3,729,154 75
Cash .....	11,690 81
Accounts receivable .....	42,720 99
Materials and supplies .....	51,183 21
Prepayments .....	4,817 67
Other deferred debits .....	6,021 07
Total assets .....	\$3,845,588 50
<i>Liabilities.</i>	
Capital stock, common .....	\$519,000 00
Funded debt .....	471,500 00
Advances from system corporations .....	2,807,472 16
Bills payable .....	19,500 00
Accounts payable .....	131,306 69

Accrued liabilities not due	\$89,557 48
Liability for employees' benefit fund	11,819 64
Other deferred credit items	5,503 30
Reserve for accrued depreciation	402,839 90
Reserve for amortization of intangible capital	674 00
Deficit	613,584 85
Total liabilities	\$3,845,588 50

The \$131,306.69 of accounts payable includes \$41,684.99 due The Pacific Telephone and Telegraph Company; \$18,759.10 due the Southern California Telephone Company; \$3,329.37 due the United States Long Distance Telephone and Telegraph Company; and \$38,332.59 due the Western Electric Company, making a total of \$102,106.05 of accounts payable to system corporations.

In its Exhibit No. 1, applicant reports the cost of gross additions to plant and equipment from October 1, 1912, to May 31, 1924, at \$3,348,960.74. From this amount is deducted \$741,270.63 representing salvage, interest during construction and gross wire gain, leaving net expenditures of \$2,607,690.11. The expenditures are segregated in Applicant's Exhibit No. 1 as follows:

*Gross Additions to Plant and Equipment.*

Right of way, exchange	\$1,581 25
Land	152,976 57
Buildings	54,958 99
Central office telephone equipment	486,167 73
Other equipment of central offices	30,320 94
Station apparatus	490,404 81
Station installations	251,916 90
Interior block wires	11,477 41
Private branch exchanges	115,567 44
Booths and special fittings	4,370 27
Exchange pole lines	210,144 04
Exchange aerial cable	355,900 15
Exchange aerial wire	335,316 39
Exchange underground conduit	162,331 73
Exchange underground cable	457,987 30
Interest during construction	6,513 53
Construction work in progress	126,590 80
Total plant	\$3,254,526 34
Office furniture and fixtures	\$15,529 64
General shop equipment	438 78
General store equipment	2,719 86
General stable and garage equipment	33,986 72
General tools and implements	41,759 40
Total general equipment	\$94,434 40
Total plant and equipment	\$3,348,960 74
Less—	
Gross wire gain	\$191,385 45
Interest during construction	6,513 53
Salvage	543,371 65
Total deductions	\$741,270 63
Net expenditures	\$2,607,690 11

By referring to the balance sheet it will be noted that on May 31, 1924, applicant had materials and supplies on hand in the amount of \$51,183.21, accounts receivable amounting to \$42,720.99 and cash in the amount of \$11,690.81. None of these items are included in Applicant's Exhibit No. 1.

Applicant asks permission to use the proceeds derived from the issue and sale of its \$3,000,000 of stock to pay indebtedness incurred in the construction, completion, extension and improvement of its facilities prior to May 31, 1924. If the company's stock is sold at \$90 it will realize from such sale \$2,700,000, which amount will be applied to the payment of indebtedness.

The Pacific Telephone and Telegraph Company asks permission to purchase the stock of the Home Telephone and Telegraph Company of Pasadena.

#### ORDER.

Home Telephone and Telegraph Company of Pasadena having applied to the Railroad Commission for permission to issue \$3,000,000 par value of its common capital stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that this application should be granted as herein provided;

*It is hereby ordered*, as follows:

1. The Home Telephone and Telegraph Company of Pasadena may issue and sell on or before February 1, 1925, at not less than \$90 per share, 30,000 shares (\$3,000,000 par value) of its common capital stock and use the proceeds to pay indebtedness incurred for the construction, completion, extension and improvement of its facilities, referred to in this application.

2. The Pacific Telephone and Telegraph Company may purchase and hold the \$3,000,000 of stock or any part thereof which the Home Telephone and Telegraph Company of Pasadena is permitted to issue.

3. Home Telephone and Telegraph Company of Pasadena shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue stock will become effective upon the date hereof.

Dated at San Francisco, California, this fourth day of October, 1924.

## DECISION No. 14141.

IN THE MATTER OF THE APPLICATION OF THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, AND J. P. THOMAS, FOR AN ORDER AUTHORIZING THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY TO SELL TO J. P. THOMAS A TOLL TELEPHONE LINE EXTENDING BETWEEN GARBERVILLE, SEBBAS AND KENNY AND FROM SEBBAS TO ANDERSONIA AND PIERCY, INCLUDING THE TELEPHONE EXCHANGE AT KENNY, ALL PLACES MENTIONED BEING IN HUMBOLDT AND MENDOCINO COUNTIES, CALIFORNIA, AND J. P. THOMAS TO PURCHASE AND ACQUIRE THE SAME.

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Application No. 10199.

Decided October 6, 1924.

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*J. G. Marshall*, for Applicants.

BY THE COMMISSION.

**OPINION.**

The Pacific Telephone and Telegraph Company, applicant in this proceeding, is a corporation owning and operating telephone exchanges and telephone toll lines in Humboldt and Mendocino counties, California, and doing a general telephone and telegraph business throughout the State of California and elsewhere. J. P. Thomas, applicant in this proceeding, is an individual owning and operating a telephone exchange at Garberville, Humboldt County, California, with telephone lines extending into certain portions of Humboldt County.

Authorization of this Commission is requested by The Pacific Telephone and Telegraph Company to transfer certain of its telephone properties in Humboldt and Mendocino counties to J. P. Thomas and by J. P. Thomas to purchase and acquire such properties.

The properties which it is desired to transfer are described, generally, as a telephone line extending from Garberville south through Sebbas to Kenny, a telephone line extending from Sebbas to Andersonia, and a telephone exchange at Kenny, including all poles, crossarms, wires and other appurtenances, except any and all telephone subsets and telephone lines connected to Kenny exchange which are owned by the subscribers.

A public hearing in this matter was held in Garberville, September 4, 1924, before Examiner Satterwhite. The testimony shows that the telephone properties involved in this proceeding have been in the past an essential portion of the only direct San Francisco-Eureka toll line of The Pacific Telephone and Telegraph Company. Due to difficulties encountered in maintaining certain portions of this toll line, principally on account of heavy fogs, The Pacific Telephone and Telegraph Com-

pany has constructed a toll line along the Northwestern Pacific Railroad between Willits and Eureka over which all through business is now being routed, and as a result the telephone line between Garberville and Kenny is no longer needed for through business and this line at the present time is used for local business only.

Due to the location of the line between Garberville and Kenny through heavily wooded districts over mountainous country at a considerable distance from the headquarters of the local repair crews of The Pacific Telephone and Telegraph Company the maintenance cost has been heavy. It was shown by the testimony of witnesses for applicants that the maintenance cost to The Pacific Telephone and Telegraph Company could not be materially reduced, but that J. P. Thomas, who has his home at Garberville, would be able to give the line his personal attention and could, therefore, maintain it at a lower cost.

Mr. Thomas stated that if he is allowed to acquire this telephone line he will provide the same service and charge the same rates for such service over this line as is at present in effect. Mr. Thomas expressed a willingness to assume all the obligations involved in operating this line as a public utility.

Considering the extent of the properties to be transferred it appears that the sale price, \$500, is not unreasonable.

There was no evidence presented to oppose the granting of this application.

#### ORDER.

The Pacific Telephone and Telegraph Company having made application to the Railroad Commission for an order authorizing the sale and conveyance of certain telephone properties in Humboldt and Mendocino counties to J. P. Thomas, and J. P. Thomas having made application to purchase said telephone properties, a public hearing having been held, the matter having been submitted and the Commission being of the opinion that the granting of the authority herein requested will be in the public interest;

*It is hereby ordered*, that The Pacific Telephone and Telegraph Company be and it is hereby authorized to sell, and J. P. Thomas be and he is hereby authorized to purchase and acquire, the telephone properties located in Humboldt and Mendocino counties and more particularly described in the form of agreement filed with the application in this matter and identified as Exhibit "A," and

*It is hereby further ordered*, that J. P. Thomas charge and collect the rates as set forth in Exhibit "A" attached hereto for telephone service rendered after the date of transfer over said telephone properties.

*It is hereby further ordered, that*

(1) J. P. Thomas shall file with the Railroad Commission within sixty (60) days after the acquisition of said telephone properties from The Pacific Telephone and Telegraph Company the rates for service as set forth in Exhibit "A" attached hereto, together with rates for any and all telephone service rendered by him in the entire extent of his telephone operations;

(2) With the Railroad Commission within sixty (60) days after the acquisition of said telephone properties from The Pacific Telephone and Telegraph Company, rules and regulations to govern service as may be informally approved by the Commission.

*It is hereby further ordered, that* the authority herein granted to transfer said telephone properties shall apply only to such transfer as shall have been made on or before November 1, 1924.

*It is hereby further ordered, that* The Pacific Telephone and Telegraph Company shall file a certified copy of the instrument of conveyance with the Railroad Commission within thirty (30) days of the date on which it is executed.

*It is hereby further ordered, that* the consideration at which the public utility properties are herein authorized to be transferred shall not be considered as a measure of the value of said properties for any purpose other than the transfer herein authorized.

Dated at San Francisco, California, this sixth day of October, 1924.

### EXHIBIT "A."

#### EXCHANGE SERVICE SCHEDULE NO. A-1.

##### *General Service.*

Applicable to individual line service and party-line service within the primary rate area of the Kenny exchange or a radius of one-half mile from the central office.

Rate.	Rate per month	
	Wall station	Desk station
<b>Business flat rate service—</b>		
Each individual line station.....	\$2 50	\$2 75
Each two-party line station.....	2 00	2 25
Each extension station.....	1 00	1 00
<b>Residence flat rate service—</b>		
Each individual line station.....	2 00	2 25
Each two-party line station.....	1 75	2 00
Each four-party line station.....	1 50	1 75
Each extension station without bell.....	50	75
Each extension station with bell.....	65	1 00

Extension stations are provided in connection with individual line and two-party line service. The maximum number of extension stations which will be connected to a primary station is three to an individual line station and one to a two-party line station. None are connected to four-party line stations. Two additional extension stations will be provided in connection with individual line service if keys are ordered and installed so that not more than three extension stations will be connected to a line when in use.

Extension stations for business service will be installed outside the premises in which the primary station is located, provided they are for use by the subscriber only and are located on the subscriber's premises and within the standard transmis-

sion limits. Extension stations for residence service will be installed only in connection with the subscriber's service for use by the subscriber and must be located on the same premises. Extension stations at the above rates are installed on the premises in which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

#### EXCHANGE SERVICE SCHEDULE NO. A-7.

Applicable to farmer-line service within the exchange area of Kenny exchange.

Rate.	Rate per year	
	Each residence station	Each business station
Farmer-line service .....	\$3 00	\$6 00

Farmer-line service will be furnished outside the primary rate area and within the exchange area. A farmer-line station shall not be located within the primary rate area. A farmer line shall not extend across an exchange area boundary.

The company will provide, own and maintain all lines and facilities used to furnish farmer-line service to the boundary of the primary rate area except where the city limits are beyond this boundary, in which case the lines and facilities extend to the boundary of the city limits.

The subscriber will provide, own and maintain all lines and facilities beyond the boundary of the primary rate area or city limits.

Farmer-line service will be rendered outside the primary rate area but within the exchange area to less than five subscribers; provided the total minimum exchange revenue of each circuit is not less than that of five residence stations.

The subscriber will be allowed a discount of ten per cent (10%) on the charge for exchange service, if bill is paid at the company's office during the first month of the year. New subscribers will be billed from the date of connection to the end of the year, and annually in advance thereafter. Initial bills rendered new subscribers will be subject to a ten per cent (10%) discount on the charge for exchange service, provided the bill is paid at the company's office within thirty days after date of bill.

#### EXCHANGE SERVICE SCHEDULE NO. A-10.

Applicable to mileage rates outside the primary rate area of Kenny exchange.

##### Rate.

Mileage charges, based on air-line mileage, measured between the station and the nearest point on the boundary of the primary rate area are effective in addition to the rates for service within the primary rate area.

Outside primary rate area and within exchange area.

Each quarter-mile or fraction—	Rate per month
Each individual line station, not including extension stations.....	\$0 50
Each private branch exchange trunk line, battery power and ringing circuit .....	50
Each two-party line station, not including extension stations.....	35
Each four-party line station.....	25

#### EXCHANGE SERVICE SCHEDULE NO. A-13.

Applicable to public telephone service within the Kenny exchange area.

##### Rate.

Public telephone service—

Each exchange message.....	\$0 05
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#### EXCHANGE SERVICE SCHEDULE NO. A-14.

Applicable to suburban service within the Kenny exchange area.

##### Rate.

Suburban service—	Rate per month	
	Wall station	Desk station
Each suburban business station.....	\$3 50	\$3 75
Each suburban residence station.....	3 00	3 25

Suburban service will be rendered outside the primary rate area but within the exchange area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

Where suburban circuits are not located on existing plant outside the primary rate area, suburban service will be rendered when there are five or more applicants or when there will be an average of at least one station for each half-mile of line extension.

### **TOLL SERVICE—SCHEDULE NO. B-1.**

#### *General Service.*

Applicable to station-to-station, person-to-person and appointment and messenger toll service between any two toll stations or exchanges.

*Rate for messages between any two points shown in table below.*

#### (1) Station-to-station day service—

(a) The initial period rates applicable to station-to-station toll messages are as shown in the following table:

	Andersonia	Garberville	Kenny
Andersonia -----	-----	-----	-----
Garberville -----	\$0 10	-----	-----
Kenny -----	10	\$0 15	-----
Piercy -----	10	10	\$0 10

#### (b) Initial period and overtime period—

Where the initial rate is	The initial period is	The overtime period is
\$0 10	5 minutes	3 minutes
15	5 minutes	2 minutes

#### (c) Overtime rate—

Where the initial rate is	The overtime rate is
\$0 10	\$0 05
15	05

#### (2) Person-to-person, appointment and messenger rate and report charge—

*Rate for initial period of three minutes or less.*

Station-to-station day service rates	Corresponding completed person-to-person rate	Corresponding completed appointment and messenger rate	Corresponding report charge
\$0 10	\$0 15	\$0 20	\$0 05
15	20	25	10

*Rate for periods in excess of the initial three-minute period.*

Where the initial rate is	The overtime period is	The overtime rate is
\$0 15	1 minute	\$0 05
20	1 minute	05
25	1 minute	05

#### (3) Night rates—

Station-to-station night rates are the same as station-to-station day rates.

#### *Rates for messages to other points.*

Rates for all classes of toll telephone service offered, including station-to-station, person-to-person and appointment and messenger service, from Andersonia, Kenny or Piercy to any point on the lines of the Pacific Telephone and Telegraph Company, are based on air-line measurement between Andersonia, Kenny or Piercy and the point called in accordance with Order No. 2495 and certain other orders of the Postmaster General and are shown in the tariff books of The Pacific Telephone and Telegraph Company.

### **TELEGRAPH SERVICE—SCHEDULE NO. C-1.**

The rates applicable to general telegraph service will be the rates at present in effect.



## DECISION No. 14146.

IN THE MATTER OF THE APPLICATION OF EL MODENA DOMESTIC  
WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZ-  
ING INCREASE IN RATES.

Application No. 10372.

Decided October 7, 1924.

*H. L. Dearing*, for Applicant.  
*Clyde A. Payne*, for certain consumers.

BY THE COMMISSION.

## OPINION.

In this application the El Modena Domestic Water Company, a corporation, asks permission to establish a schedule of rates which are higher than those at present in effect.

A public hearing in this matter was held before Examiner Williams at Orange after due notice thereof had been given so that all interested parties might appear and be heard.

The water supply of this system is obtained from a well owned and operated by W. H. Flippen, and El Modena Domestic Water Company is charged at the rate of 70 cents per hour of operation for the service rendered. The company also owns ten shares of stock in the John T. Carpenter Water Company, a mutual concern, and makes use of the supply derived thereby in times of heavy draught or in case of failure of the Flippen plant.

The water system consists of a concrete reservoir and approximately 18,000 feet of distribution pipe ranging in size from 1 to 10 inches in diameter. Domestic water is served to approximately 100 consumers, 35 of whom are metered.

The applicant submits the sum of \$10,162 as the cost of the present system, but no detailed inventory of the plant was submitted and it is not known whether all of the costs of the properties have been included in the total presented. M. I. Reed, one of the Commission's assistant hydraulic engineers, made an investigation and submitted a report at the hearing, in which it was found that the reasonable estimated original cost of the property was \$11,236, as of July 31, 1924. A depreciation annuity, computed by the 6 per cent sinking fund method, was given as \$181. An estimate of future maintenance and operating expenses, not including depreciation, was shown to be \$1,352.

The rates in effect at the present time are as follows:

*Monthly Flat Rates.*

For each connection, per month-----	\$1 00
For each head of stock watered, additional-----	15
For each lawn or garden watered-----	25

*Monthly Metered Rates.*

(Established by this Commission's Decision No. 6943.)

400 cubic feet or less, per month-----	\$1 00
For use over 400 cubic feet per month, per 100 cubic feet-----	20

The applicant proposes a schedule of rates as follows:

*Meter Rates.*

For the first 400 cubic feet or less, per month-----	\$1 25
For use over 400 cubic feet per month, per 100 cubic feet-----	30

*Flat Rates.*

Per month -----	\$1 25
For each head of stock watered, additional-----	15
For each garden watered, per month-----	25 cents to 1 00
For each lawn watered, per month-----	25 cents to 1 00

The assessed charge in each case of each lawn or garden to be within the discretion of applicant and depending upon the size of the lawn or garden and depending upon the season of the year. Flat rates to cease automatically whenever a metered rate is installed.

The testimony shows that there are two water systems operating in the vicinity of El Modena, namely, the Bond and Jones Water Company and the El Modena Domestic Water Company. Some of the pipe lines of these companies are parallel and this condition necessitates duplication of pipe lines and increased capital investment per consumer on each of the systems. Undoubtedly as long as this state of affairs continues, the consumers will either have to pay an abnormally high rate for water service or the utility will be burdened with the serving of water at a very low return upon its investment. However, this condition can be remedied by the consolidation of the two systems, in which case the consumers will pay a reasonable rate, obtain better service and the owners of the utility can obtain a more adequate return upon the investment.

A careful consideration of the testimony given at the hearing indicates that this utility is earning neither a reasonable operating expense nor any return upon its investment and that, owing to the fact that business is competitive, the rates of this utility must of necessity be similar to those of its competitor, the Bond and Jones Water Company, or this utility will lose a great deal of its business on streets where both companies have installed mains.

**ORDER.**

The El Modena Domestic Water Company, a corporation, having made application as entitled above, a public hearing having been held thereon, the matter having been submitted and the Commission now being fully informed thereon:

It is hereby found as a fact that the rates now charged by the El Modena Domestic Water Company for water delivered to the consumers in and in the vicinity of El Modena, Orange County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that the El Modena Domestic Water Company, a corporation, be and the same is hereby authorized to file with this Commission within twenty (20) days from the date of this order the following schedule of rates to be charged for water delivered to its consumers subsequent to October 31, 1924:

*Metered Rates.*

Monthly minimum charges—

½-inch meter -----	\$1 25
¾-inch meter -----	2 00
1-inch meter -----	3 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water which that amount of money will purchase at the following monthly metered rates:

Monthly meter rates—

0 to 500 cubic feet, per 100 cubic feet-----	\$0 25
All over 500 cubic feet, per 100 cubic feet-----	20

Meters will be installed either at the option of the consumer or the utility. If installed at the option of the utility, the entire cost shall be borne outright by the utility. If installed at the option of the consumer, the cost of the meter shall be advanced by the consumer to the utility and the amount so deposited shall be returned to the consumer as credits on the monthly bills for water consumed at the rate of one-third of such monthly bills until the entire amount deposited shall have been returned.

*Flat Rates.*

For each connection-----	\$1 50	per month
For each head of stock, additional-----	15	per month
For each private garage, additional-----	25	per month
For the irrigating of lawns and gardens, per square yard-----	005	per month

The effective date of this order is hereby fixed as October 31, 1924.

Dated at San Francisco, California, this seventh day of October, 1924.

DECISION No. 14147.

IN THE MATTER OF THE APPLICATION OF BENJAMIN FRANKLIN NELSON AND ELIZABETH NELSON, HUSBAND AND WIFE, FOR AUTHORITY TO SELL, AND W. T. ESTEP, E. J. WHITNEY AND HARRY L. PERSON TO PURCHASE, A CERTAIN PUBLIC UTILITY COMMONLY KNOWN AS THE MELVIN PLACE WATER PLANT.

Application No. 10397.

IN THE MATTER OF THE APPLICATION OF W. T. ESTEP, E. J. WHITNEY AND HARRY L. PERSON TO SELL, AND CONSOLIDATED WATER AND DEVELOPMENT COMPANY, A CORPORATION, TO

PURCHASE, A CERTAIN PUBLIC UTILITY COMMONLY KNOWN AS  
THE MELVIN PLACE WATER COMPANY.

Application No. 10398.  
Decided October 7, 1924.

*Harry L. Person*, for Applicants.

BY THE COMMISSION.

**OPINION.**

In the above entitled matters, as amended, the Railroad Commission is asked to make an order authorizing:

1. Benjamin Franklin Nelson and Elizabeth Nelson to transfer certain public utility water properties to E. J. Whitney and Harry L. Person; and

2. E. J. Whitney and Harry L. Person to transfer such properties to Consolidated Water and Development Company, a corporation; and

3. Consolidated Water and Development Company to issue in payment for such properties, its unsecured five-year 7 per cent note in the principal amount of \$25,000.

At the public hearing held before Examiner Williams the two matters were consolidated for the purpose of receiving evidence and for decision. It is of record that W. T. Estep has assigned his right, title and interest in Melvin Place water plant to E. J. Whitney and Harry L. Person.

The record shows that Benjamin Franklin Nelson and Elizabeth Nelson, under the firm name and style of Melvin Place Water Company, are engaged in supplying water for domestic use in Los Angeles County near the southern limits of the city of Los Angeles. On December 31, 1923, 570 consumers were reported. As of the same date the assets and liabilities of the business were reported as follows:

Fixed capital—	Assets.	
Land .....		\$6,500 00
Pumping station buildings.....		500 00
Wells .....		3,500 00
Pumping equipment.....		1,427 00
Distribution mains.....		16,650 00
Reservoirs, tanks, etc.....		2,000 00
Services .....		1,500 00
Meters .....		3,000 00
Total fixed capital.....		\$35,077 00
Cash .....		487 00
Materials and supplies.....		65 00
Total assets .....		\$35,629 00

<i>Liabilities.</i>	
Investment -----	\$26,729 00
Notes payable -----	3,500 00
Reserve for accrued depreciation -----	750 00
Donations in aid of construction -----	4,650 00
Total liabilities -----	\$35,629 00

E. J. Whitney and Harry L. Person, who are also applicants herein, are the president and secretary, respectively, of Consolidated Water and Development Company. Consolidated Water and Development Company is a corporation organized during January, 1924. By Decision No. 13662, dated June 5, 1924, as amended by Decision No. 14182, dated September 27, 1924, the company was authorized to acquire eight small water systems located in Los Angeles County, and in payment therefor to issue \$136,600 of stock and to assume the payment of indebtedness of \$34,056.90.

Benjamin Franklin Nelson and Elizabeth Nelson have now agreed to sell and transfer their public utility water properties, subject to outstanding indebtedness, to E. J. Whitney and Harry L. Person, who have agreed. in payment therefor, to deliver to Benjamin Franklin Nelson and Elizabeth Nelson \$25,000 of the stock of Consolidated Water and Development Company which was authorized to be issued by Decision No. 13662 and Decision No. 14182. E. J. Whitney and Harry L. Person, in turn, propose to transfer such properties to the corporation, in exchange for a five-year 7 per cent unsecured note for \$25,000.

Upon acquiring the properties the company intends to consolidate them with two of the systems it heretofore has acquired, namely, the Emil Firth system and the Eighty-seventh and San Pedro system. In this way it is thought the three systems can be run more advantageously and better service can be offered the public.

The order herein will authorize the transfer of these properties and the issue of the notes. It is to be understood, however, that the granting of the applications is not to be construed as a finding of value of the properties of Melvin Place Water Company for the purpose of fixing rates or for any purpose other than this transfer.

#### ORDER.

Applications having been made to the Railroad Commission for an order authorizing the transfer of public utility property and the issue of a note for \$25,000, a public hearing having been held and the Railroad Commission being of the opinion that the applications should be granted and that the money, property or labor to be procured or paid for through the issue of the \$25,000 note is reasonably required:

*It is hereby ordered,* that Benjamin Franklin Nelson and Elizabeth Nelson, doing business under the firm name and style of Melvin Place

Water Company, be and they are hereby authorized to transfer their public utility water properties to E. J. Whitney and Harry L. Person, and E. J. Whitney and Harry L. Person be and they are hereby authorized to transfer such properties to Consolidated Water and Development Company.

*It is hereby further ordered*, that Consolidated Water and Development Company be and it is hereby authorized to issue, on or before December 31, 1924, its five-year 7 per cent unsecured promissory note in the principal amount of \$25,000 for the purpose of paying in part for the properties of Melvin Place Water Plant.

The authority herein granted is subject to the following conditions:

1. Within thirty days after transfer of the properties herein authorized, E. J. Whitney and Harry L. Person and Consolidated Water and Development Company shall file with the Commission a certified copy of the deed under which they acquire title to such properties and shall also furnish the Commission with a statement showing the exact date on which Consolidated Water and Development Company acquired the properties.

2. Within thirty days after the issue of the note herein authorized, Consolidated Water and Development Company shall file with the Commission a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when Consolidated Water and Development Company has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this seventh day of October, 1924.

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DECISION No. 14151.

IN THE MATTER OF THE APPLICATION OF PALOS VERDES WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE PURCHASE OF ALL OF THE WATER SYSTEM OF BANK OF AMERICA, AS TRUSTEE OF PALOS VERDES ESTATES, SO-CALLED, LOCATED IN THAT CERTAIN DISTRICT COMMONLY KNOWN AS "PALOS VERDES PROJECT," BEING ABOUT TWO MILES SOUTH OF THE CITY OF REDONDO BEACH, CALIFORNIA.

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Application No. 10246.

Decided October 9, 1924.

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*Musick, Burr and Pinney*, for Applicant.

BY THE COMMISSION.

OPINION.

In the above entitled application, as amended at the hearing had on August 25th before Examiner Fankhauser, the Railroad Commission

is asked to make an order declaring that public convenience and necessity require the Palos Verdes Water Company to operate a public utility water system and to exercise the rights and privileges granted by a franchise obtained from the board of supervisors of Los Angeles County. The Commission is further asked to authorize the Palos Verdes Water Company to issue at par \$271,699.79 of common stock plus such an additional amount of stock as may be equal to the cost of additions and betterments to the water system from July 31, 1924, to the date of the transfer of the properties.

The Palos Verdes Water Company was organized on or about March 12, 1924, with an authorized capital stock of \$300,000 divided into 3000 shares of the par value of \$100 each. The Bank of America as trustee in Palos Verdes Estates, so-called, has heretofore constructed and is now engaged in constructing transmission lines for the purpose of supplying water in the territory commonly known as the Palos Verdes Project, located about two miles south of the city of Redondo Beach. A pumping plant has also been installed.

It is of record that up to July 31, 1924, the sum of \$246,699.79 has been expended in installing a well, pumping plant and transmission mains. Practically no part of the distribution system has been constructed. As buildings are being erected, it will be necessary for the utility to install distribution lines. To pay for part of such lines, and for general working capital purposes, the company asks permission to issue \$25,000 of common stock. All of the stock which the Commission may authorize to be issued will be acquired by the Bank of America as trustee for the Palos Verdes Estates. The money necessary to complete the water system will be advanced by purchasers of land in the district. Originally it was contemplated to operate the water system as a mutual water company. Upon investigation it was ascertained that such operation was impractical because of the variety of interests and demand for many different kinds of uses for water that would be made upon the water system. It has therefore been concluded to organize a public utility water company and to have such company acquire from the Bank of America as trustee for the Palos Verdes Estates, the existing water producing properties and appurtenances and to have such water company complete the system.

It is of record that the territory within which applicant now intends to operate a public utility water system comprises 3200 acres. This is subdivided into 6000 lots, of which about one-half have been sold. A sum in excess of \$1,463,889.06 has been expended in improving the tracts. The building of homes has recently been undertaken which makes it necessary that the water system be placed in operation. The territory within which applicant intends to operate is more particularly

described in its franchise (Los Angeles County Ordinance No. 1132, new series) as follows:

Beginning at a 2" pipe, marked J. B. (No. 178 as per C. S. Map No. 8607) in the easterly boundary of a portion of lot "H," Rancho Los Palos Verdes; thence along easterly boundary of said portion of lot "H" south 00 degrees, 18 minutes, 28 seconds west, a distance of 10535.66' to a 2" pipe marked Y2 (No. 166 as per C. S. map No. 8607); thence along easterly boundary of said portion of lot "H" south 26 degrees, 46 minutes, 54.5 seconds west, a distance of 9837.95' to a point in the mean high tide line of the Pacific Ocean; thence in a general northerly direction along mean high tide line to the N.W. corner of Tract 4400 (map book No. 72, pages 95 and 96); thence along the northerly boundary of Tract 4400 S. 89 degrees, 45 minutes, 21.3 seconds east, a distance of 9798.45' to a 2" pipe marked "G3," being the N.E. corner of Tract 4400; thence along the northeasterly boundary of a portion of lot "H" Rancho Los Palos Verdes south 44 degrees, 41 minutes, 12.2 seconds east, a distance of 12,147.78' to a 2" pipe marked J. B. 3 (Station 31 as per C. S. map No. 8607); thence along the northerly boundary of said portion of lot "H," south 89 degrees, 49 minutes, 19.6 seconds east, a distance of 3983.34' to a 2" pipe marked J. B. 4 (Station 29 as per C. S. map No. 8607); thence along the boundary of said portion of lot "H" north 45 degrees, 20 minutes, 39.3 seconds east, a distance of 932.65' to a 2" pipe (No. 168 as per C. S. map No. 8607); thence along the northerly boundary of said portion of lot "H" in an easterly direction, a distance of 2904' more or less to a point in the westerly boundary of the city of Los Angeles; thence along the westerly boundary of the city of Los Angeles in a southeasterly direction, a distance of 2729' more or less to a point in the southerly boundary of said portion of lot "H"; thence along the southerly boundary of lot "H" in a westerly direction, a distance of 3603' more or less to the point of beginning.

No public utility water system is now operating within the above described territory.

Applicant does not ask the Commission in this proceeding to fix the rates it may charge its consumers. H. T. Cory, applicant's consulting engineer, is of the opinion that the following would be the proper domestic meter rates for the company:

400 cubic feet of water or less.....	\$1 00
From 400 cubic feet to 1,000 cubic feet.....	20 cents per 100 cubic feet
From 1,000 cubic feet to 2,000 cubic feet.....	15 cents per 100 cubic feet
All in excess of 2,000 cubic feet.....	12 cents per 100 cubic feet

Wholesale rates to the golf course and for fire purposes would be a matter of adjustment.

#### ORDER.

The Railroad Commission having been asked to make an order declaring that public convenience and necessity require the Palos Verdes Water Company to exercise the rights and privileges granted by a franchise, adopted by the board of supervisors of Los Angeles County, and further having been asked to authorize the Palos Verdes Water Company to issue stock, a public hearing having been held and the Railroad Commission being of the opinion that this application should be granted as herein provided:

The Railroad Commission hereby finds that public convenience and necessity require Palos Verdes Water Company to exercise the rights and privileges granted by Ordinance No. 1132 (new series) by the



board of supervisors of Los Angeles County, and to operate a public utility water system throughout the territory described in the foregoing opinion.

*It is hereby ordered*, that the Palos Verdes Water Company may issue on or before December 31, 1924, at not less than par, \$271,699.79 of common stock and such additional stock as may be equal in par value to the cost of additions and betterments to the water system from July 31, 1924, to the date of the transfer of the properties.

The authority herein granted to issue stock is subject to the following conditions:

1. Of the \$271,699.79 of stock herein authorized to be issued, \$246.-699.79 is to be delivered in full payment for the water properties as of July 31, 1924, described in this application. The proceeds obtained from \$25,000 of stock herein authorized to be issued shall be used by the company to pay the cost of extending the water system or for such other purposes as the Railroad Commission may authorize by supplemental order.

None of the stock herein authorized to be issued to pay for properties installed subsequent to July 31, 1924, may be delivered except as permitted by a supplemental order of this Commission.

2. Palos Verdes Water Company shall keep such record of the issue and sale of stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

4. By issuing the stock herein authorized, the company agrees that it will never claim as a value for the franchise rights granted by Ordinance No. 1132 (new series) an amount in excess of the amount actually paid to the grantor for such franchise rights.

Dated at San Francisco, California, this ninth day of October, 1924.

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DECISION No. 14152.

IN THE MATTER OF THE APPLICATION OF DELTA TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE AND SELL ITS CORPORATE STOCK.

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Application No. 10431.

Decided October 9, 1924.

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*Declin and Declin*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Delta Telephone and Telegraph Company asks permission to issue \$21,241.50 of common stock and \$40,000 of 6 per cent preferred stock for the purpose of financing the cost of additions, betterments and improvements to its telephone properties.

The Delta Telephone and Telegraph Company is engaged in the operation and management of telephone and telegraph lines and equipment and furnish telephone service to districts along the Sacramento River from a point about eight miles south of Sacramento, continuing in a general southerly direction for a distance of about twenty-eight miles. The communities and towns served by the applicant's lines are Clarksburg, Courtland, Freeport, Hood, Isleton, Paintersville, Ryde, Vorden and Walnut Grove.

The Commission, in Decision No. 9456, dated September 3, 1921, in Application No. 5534 (volume 20, Opinions and Orders of the Railroad Commission of California, page 511), revised applicant's rates and directed applicant to make certain improvements to its telephone properties. In that decision the Commission concluded that \$120,500 is a fair valuation of the company's properties for rate making purposes, such valuation being as of May 31, 1921.

The company has outstanding \$81,650 of stock divided into \$41,650 of common and \$40,000 of 6 per cent preferred. The dividends on the preferred stock have been paid, but no dividends have ever been paid on the common stock. Instead of paying dividends on the common stock, the company has invested its surplus earnings in property. The company has no bonded debt. Its notes, payable on April 30, 1924, amounted to \$8,591.25. To reimburse its treasury because of surplus earnings invested in property, the company asks permission to issue \$21,241.50 of common stock. If such request is granted, the company will distribute the stock as a dividend to its common stockholders. The record clearly shows that the amount of earnings invested in applicant's properties has been in excess of \$21,241.50.

In its Exhibit "C" the company reports estimated construction and reconstruction expenditures necessary to supply new facilities for 1923 and 1924 at \$32,842.99. A substantial part of such expenditures has already been incurred and has been in part financed through the issue of a note for \$8,591.25 to Peter H. Huth. The company asks permission to issue and sell \$40,000 of its 6 per cent preferred stock to pay such note, and to pay the cost of constructing and installing the improvements, extensions and betterments referred to in Exhibit "C." It is of record that stock will be sold only in such amounts and at such times as the company has need for construction funds. The order herein will permit the issue of the stock at not less than \$90 per share and will permit the company to expend, if necessary, in connection

with the sale of such stock, an amount not in excess of \$5 per share of stock sold. The remainder of the proceeds must be used to pay the note to which reference has been made and to pay the cost of the improvements, extensions and betterments described in Exhibit "C." Any proceeds not needed to pay expenses incurred in connection with the sale of the stock in the amount herein permitted, and to pay the cost of the improvements, extensions and betterments described in Exhibit "C" may be expended only for such purposes as the Commission may hereafter authorize by supplemental order or orders.

#### ORDER.

Delta Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue \$61,241.50 of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant, and that this application should be granted as herein provided;

*It is hereby ordered, as follows:*

1. Delta Telephone and Telegraph Company may issue at not less than par \$21,241.50 of its common stock for the purpose of reimbursing its treasury because of surplus earnings invested in its properties; such stock after the reimbursement of applicant's treasury may, according to law, be distributed as a dividend to applicant's stockholders.

2. Delta Telephone and Telegraph Company may issue and sell, on or before May 1, 1925, at not less than \$90 per share, 400 shares (\$40,000) of its 6 per cent cumulative preferred stock. Of the proceeds realized from the sale of such stock, an amount not exceeding \$5 per share of stock sold may be expended by the company to pay expenses incurred in connection with the sale of stock. The remainder of the proceeds, together with such portion of the amount authorized to be used to pay expenses incurred in connection with the sale of stock, but not necessary for such purpose, may be expended by the company to finance the cost of the improvements, extensions and betterments described in applicant's Exhibit "C" or pay indebtedness incurred on account of the construction of the improvements, extensions and betterments described in such exhibit. Any proceeds realized from the sale of the stock, but not needed for any of the aforesaid purposes, may be expended only for such purposes as the Commission may authorize in a supplemental order or orders.

3. Delta Telephone and Telegraph Company shall keep such record of the issue and sale of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report as required by the Railroad Com-

mission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this ninth day of October, 1924.

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DECISION No. 14153.

IN THE MATTER OF THE APPLICATION OF VISALIA ELECTRIC RAILROAD COMPANY, A CORPORATION, TO DISCONTINUE ITS PASSENGER SERVICE.

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Application No. 10451.

Decided October 9, 1924.

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**ABANDONMENT—ELECTRIC RAILWAY SERVICE.**—Visalia Electric Railroad Company, having shown an accumulated deficit of \$1,679,469.51, is authorized to discontinue passenger train service.

**TRANSPORTATION OF MAIL.**—The objection of protestants that such discontinuance of service would interfere with the transportation of the mails is disallowed, the Commission having no jurisdiction over such service.

*Power & McFadzean* by *Daniel McFadzean*, for Applicant.

*Frank Lamberson*, for Woodlake Board of Trade, Protestant.

*Earl A. Bagby*, for E. L. Askin Stage Company and Sequoia National Park Stage Company.

BY THE COMMISSION.

**OPINION.**

Visalia Electric Railroad Company, a corporation, has petitioned the Railroad Commission for an order authorizing the entire discontinuance of passenger service over its line of railroad.

A public hearing on this application was conducted by Examiner Hanford at Visalia, at which time the matter was duly submitted for decision.

Applicant alleges that it has heretofore operated passenger train service between Visalia, Woodlake and Elderwood via Exeter and Lemon Cove, all in Tulare County; that the revenue derived from the operation of such passenger service is insufficient to pay the operating costs of such service; that the actual loss to the applicant for more than two and one-half years last past has been in excess of \$50,000 per annum; that the applicant's line of railroad is short and does not exceed twenty-six miles in length; that the line is in constant competition with privately owned automobiles and that there is no prospect that the passenger service over the line will ever increase.

Witnesses for applicant testified as to the character of operation that had been given since passenger business was first inaugurated and that the operating revenues had never equaled the cost of service; that

reductions in scheduled service or increases in rates as granted by the United States Railroad Administration during the World War period had both failed to return revenue approximating the operating cost.

Statements filed by applicant as exhibits at the hearing show the following results from passenger operation for the periods named:

Passenger revenue—	Year ending December 31, 1922	Year ending December 31, 1923	Six months ending June 30, 1924
From transportation -----	\$16,782 32	\$14,908 51	\$5,179 48
From other operation -----	365 40	382 73	195 14
Totals -----	\$17,147 72	\$15,381 24	\$5,374 62
Operating cost -----	70,427 46	65,798 75	35,273 08
Deficit -----	\$53,279 74	\$50,417 51	\$29,898 46

The detail of the statements from which the above recapitulation was compiled show that all items which could be directly allocated to the passenger business have been so charged, and as to items common to both passenger and freight business that a segregation has been made wherever possible on a car mile basis. The segregation of expense as to items not directly chargeable to passenger service has been made on an arbitrary basis but in accordance with established practice.

The revenue from passenger business, as shown by a graphic chart filed by the applicant at the hearing, has decreased almost uniformly from a total of approximately \$54,000 in the year 1912 to a total of approximately \$15,000 in the year 1923. The decrease in revenue is attributed by the general manager of applicant company to have been caused almost entirely by the constantly increasing use of privately owned automobiles, there being no automobile stage competition excepting between Visalia and Exeter, and such competition not being intensive as regards the local business between such points.

The general financial condition of the applicant is not good, the annual report for the year ending December 31, 1923, as filed with this Commission showing an accumulated deficit of \$1,679,469.51.

The granting of the application is protested by the residents of Woodlake principally on the basis of the inconvenience that will be caused such community by interference with the handling of United States mail. The discontinuance of passenger service will undoubtedly result in the Post Office Department making other arrangements for the carriage of the mail and parcel post and the handling of such mail matter is one over which this Commission has no authority or jurisdiction. The limited amount of passenger business heretofore accruing to the applicant's railroad from this community or from the entire territory served does not justify a continuance of the service which has resulted in the very considerable and rapidly increasing deficit.

After full consideration of all the evidence and exhibits as presented in this proceeding, we are of the opinion and hereby find as a fact that

the continued operation of passenger service on the lines of the applicant is not justified nor does the public convenience and necessity require such continued operation, it being apparent that the cost of passenger train service far exceeds the revenue derived therefrom and there being no present or future prospect of any additional traffic which might be developed to an extent justifying the cost of operation.

**ORDER.**

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised and basing its order on the finding of fact as appearing in the opinion which precedes this order;

*It is hereby ordered*, that applicant, Visalia Electric Railroad Company, a corporation, be and the same hereby is authorized to discontinue passenger train service on its line of railroad upon the following conditions:

1. Applicant is hereby required to post notice of the date of the discontinuance of passenger train service in all its cars and at all stations and stopping points where passengers have heretofore been received on and discharged from its trains, such notices to be posted at least ten (10) days prior to the date of discontinuance of passenger train service.

2. Applicant is hereby further required to cancel all passenger and baggage tariffs and all rules and regulations governing same, as heretofore filed with this Commission; all cancellations to be made in accordance with the regulations of this Commission and to be effective coincident with the date of the discontinuance of passenger train service as hereinabove authorized.

Dated at San Francisco, California, this ninth day of October, 1924.

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DECISION No. 14156.

IN THE MATTER OF THE APPLICATION OF E. H. COOKINGHAM, OPERATING UNDER THE NAME AND STYLE OF "LAGUNA BEACH TELEPHONE COMPANY," FOR PERMISSION TO MORTGAGE THE PROPERTY OF THIS COMPANY IN ORDER TO BUILD NEW TOLL LINES FROM TUSTIN TO LAGUNA BEACH AND MAKE EXTENSIONS TO LAGUNA BEACH.

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Application No. 10510.

Decided October 9, 1924.

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*Scarborough, Forgy and Reinhaus*, by *F. Forgy*, for Applicant.

BY THE COMMISSION.

**ORDER.**

E. H. Cookingham, operating a telephone system under the name and style of Laguna Beach Telephone Company, asks permission to execute a mortgage on public utility telephone properties and to issue \$8,000 of 7 per cent face value of notes payable on or before three years after date.

Applicant is engaged in the telephone business in and near Laguna Beach and owns and operates a toll line extending from Tustin, California, to Laguna Beach, California. The toll line at present in use is a No. 14 iron circuit from Tustin to Irvine and a No. 12 from Irvine to Laguna Beach. Applicant proposes to install two circuits of No. 12 copper wire in order to improve the service. The cost of this line is estimated at \$5,594.85. In addition, applicant intends to extend a pole line to McKnight's addition at an estimated cost of \$363.10 and to extend a pole line to Coast Royal addition, and make other improvements at an estimated cost of \$1,349.60. Applicant has filed with the Commission a copy of the proposed mortgage, which appears to be in satisfactory form.

A public hearing was held in this matter before Examiner Fankhauser. The Commission has considered the evidence submitted and is of the opinion that the money, property or labor to be procured or paid for through the issue of the \$8,000 of notes is reasonably required by applicant and that this application should be granted as herein provided; therefore,

*It is hereby ordered, as follows:*

1. E. H. Cookingham, operating a telephone system under the name and style of Laguna Beach Telephone Company, may execute a mortgage substantially in the same form as the mortgage filed in this proceeding and marked Exhibit "E," provided that the authority herein granted to execute such mortgage is for the purpose of this proceeding only and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage as to such other legal requirements to which said mortgage may be subject.

2. E. H. Cookingham, doing business under the name and style of Laguna Beach Telephone Company, may issue at not less than their face value, on or before March 1, 1925, notes in the face value of not exceeding \$8,000, such notes to bear interest of not to exceed 7 per cent per annum and to be payable on or before 3 years after date. The proceeds realized from the issue and sale of the notes shall be used to pay the cost of the improvements described in Exhibit "B" and Exhibit "C" filed in this proceeding.

3. E. H. Cookingham, doing business under the name and style of Laguna Beach Telephone Company, shall keep such record of the issue, sale and delivery of the notes herein authorized and of the disposition

of the proceeds as will enable him to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue notes will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this ninth day of October, 1924.

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DECISION No. 13860.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR AUTHORITY TO FILE AND MAKE EFFECTIVE NEW SCHEDULES PROVIDING FOR AN EMERGENCY INCREASE OF ELECTRIC RATES.

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Application No. 10143.

Decided August 1, 1924.

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**RATES—ELECTRIC UTILITY—SURCHARGE.**—Due to a reduction of approximately \$5,000,000 in net revenue of applicant, necessary to produce a return of  $7\frac{1}{2}$  per cent, on account of necessity of generating large amounts of energy in steam plants to meet the hydro-electric power shortage, precipitated by unusual drought conditions, the Commission authorizes the utility to collect a surcharge of ten (10) per cent on all schedules, except agricultural, for a period beginning September 1, 1924, and ending April 30, 1925. Said surcharge is expected to produce \$1,100,000 of the estimated reduction of revenue of \$5,000,000 in 1924. It is stated that the company, which has already used its contingency fund of \$1,581,000 to meet the extraordinary operating expense, due to the emergency, should use its reserve fund as far as it may go to meet the unusual expense, and that the application of the surcharge, producing \$1,100,000, will result in a return of  $6\frac{3}{4}$  per cent, instead of the return of  $7\frac{1}{2}$  per cent, originally designed.

**DISSENTING OPINION.**—In a dissenting opinion Commissioners Seavey and Shore oppose granting said surcharge. The contention is made that the rates were fixed on the average income of a number of years, and that the loss in net revenue should be absorbed over a period of years.

*Roy V. Reppy* and *B. F. Woodard*, for the Applicant.

*William Guthrie*, for the City of San Bernardino.

*J. J. Deuel* and *L. S. Wing*, for California Farm Bureau Federation.

*G. A. French*, for the City of Riverside.

*Bruce Mason* and *Fred F. White*, for the City of Long Beach.

*J. H. Howard*, for City of Pasadena and City Attorneys Association of Southern California.

*Chester L. Coffin*, for the City of Santa Monica.

*N. B. Bachtell*, for District of Lancaster.

*Irrin H. Althouse*, for Terra Bella Irrigation District.

*F. C. Finkle*, for Yucaipa Water Company No. 1, South Mesa Water Company and Western Heights Water Company.

*L. D. Mayhew*, for Globe Grain and Milling Company and Globe Cotton Oil Mill.

*W. J. Carr* and *Jess E. Stephens*, for City Attorneys Association of Southern California, and the cities of Los Angeles, Chino, Anaheim, Fillmore, Lindsay, Beverly Hills, Long Beach, Hermosa, Monrovia, Pomona, Burbank, San Bernardino, Montebello, Pasadena, South Pasadena, Culver City, San Gabriel, Ventura, Huntington Park, Sierra Madre, Porterville, Torrance, La Verne, Riverside, Venice and San Fernando.



*Jess E. Stephens*, City Attorney, and *Perry Thomas*, Deputy, for City of Los Angeles.  
*C. L. McFarland*, for Riverside Portland Cement Company.  
*Frank Karr*, for Pacific Electric Railway Company and Visalia Electric Railway Company.

*S. M. Haskins*, for Los Angeles Railway Corporation.

*W. P. Butcher*, for City of Santa Barbara.

*W. B. Mathews*, for Department of Public Service, City of Los Angeles.

*W. R. McKay*, for Kings County and Kings County Chamber of Commerce.

*A. R. Linn*, for City of Hanford and Hanford Chamber of Commerce.

*Thomas A. Berkebile*, for City of Monterey Park.

*G. W. Trauger*, for Lindsay-Strathmore Irrigation District.

*C. O. Griffin*, for Lindsay Chamber of Commerce.

*E. H. Raul*, for Golden State Milk Products Company.

*S. B. Anderson*, for Goshen Dairymen's Association.

*A. R. Linn* and *C. O. Griffin*, for San Joaquin Valley Commercial Secretaries Association.

*M. W. Phillips*, for Ojai Power Company.

*F. J. Hyde* and *J. T. Crowe*, for City of Tulare and Tulare Board of Trade.

*Henry P. Goodwin* and *James E. Barker*, for City of Azusa.

*BRUNDIGE*, Commissioner.

### OPINION.

In this application, Southern California Edison Company alleges that, by reason of a shortage in the supply of hydro-electric power, its operating expenses will be increased and its net revenue greatly reduced, and asks for permission to place in effect for a period of nine months temporary increases in rates or surcharges that will partially offset the reduction in net revenue.

A public hearing was held in Los Angeles on June 17, 1924, at which the company presented testimony and exhibits in support of its application. The hearing was then adjourned to July 14, 16 and 17, when protestants were given an opportunity to submit evidence in rebuttal and to cross-examine the company's witnesses. A further hearing was held on July 23 for the presentation of arguments and the case was submitted.

The shortage in water power during the summer of 1924 is so serious that it can not be met by the maximum operation of applicant's steam plants and of such plants as it has been possible for it to lease from private owners and by the purchase of all surplus power available. It has become necessary to refuse service to new consumers and to restrict the use of energy by present consumers, with a consequent reduction in gross revenue.

The company estimates a reduction of \$5,632,000 in net revenue for the year 1924, as compared with the same year with an average supply of hydro-electric power. It is urged that, as a result of this reduction in revenue, it will be impossible for bonds to be certified until late in 1925, and that, if construction work is to be continued and the demands of the public for an increased supply of power are to be met, rates must be increased to a point that will permit of the certification and sale of bonds in the spring of 1925. It is asked that certain specific increases

in rates be authorized from August 1, 1924, to April 30, 1925, which during that interval will result in an increase in gross revenue of \$3,080,000.

The principal opposition to the company's application came from the municipalities of southern California, which were represented as a group by Mr. W. J. Carr. Mr. Carr presented figures to show that, for the whole of the seven-year period, 1920 to 1926, inclusive, the company could be expected to earn a total revenue slightly in excess of that necessary to yield the return on the investment which this Commission has heretofore declared to be reasonable. Mr. Carr argues that the company's rates should be kept upon a level that will produce a reasonable return upon the investment over a period of years, and that a decrease in net revenue in one year, even though it is as serious as during the present year, does not justify a temporary increase in rates.

Representatives of the agricultural interests united in urging that rates should not be increased, and called particular attention to the economic condition of the farmer during the present year.

The company declares that unless it is given the relief requested, it can not issue any bonds before the end of 1925, and that its failure to issue bonds may necessitate serious curtailment of its construction program or increase the cost of construction funds. This situation, it should be noted, is not due to the fact that there is no market for the company's bonds (refunding 6 per cent bonds selling at or near par and other issues on a better basis), but is brought about by the provision of the company's mortgage. Such mortgage permits the trustee to certify bonds only when the net earnings of the company for a period of twelve consecutive months ending not more than sixty days prior to request made upon the trustee to certify bonds, shall have been in each case equal to one and three-quarters times the total annual bond interest charge. Mortgage provisions, such as are involved in this instance, have never been and will not now be considered by the Commission as a proper ground for the increase in rates. The issuance of bonds is but one source of capital funds. Other sources are available to Southern California Edison Company as well as to other utilities.

While the company's position that its rates must be such as to enable it to issue bonds can not be accepted, I am unable to agree entirely with the position taken by Mr. Carr on behalf of the cities. A large community depends upon this company for the supply of electricity essential to its prosperity, and it is highly important that the company continue its development work and keep the supply of power at least abreast of the demand. While this does not necessitate the continuous marketing of bonds, it does require the maintenance of a sound financial structure and sufficient income so that financing in some form may be carried out and construction work permitted to proceed without danger.

ous interruptions. It must also be noted that the evidence presented in support of Mr. Carr's theory not only includes so-called surplus earnings during the years 1925 and 1926, which are somewhat problematical, but that in his exhibits showing surplus earnings for past years consideration has not been given to the transfer of approximately \$1,137,000 from earnings to depreciation reserve. This transfer was made at the instance of the Commission to take care of inadequate provisions for depreciation during years of reduced earnings prior to 1920, and effectively removes this sum from the funds which Mr. Carr in his exhibits claims are surplus earnings. This amount practically offsets the surplus earnings calculated by Mr. Decker for the seven-year period including 1925 and 1926. His Exhibit No. 7, if balanced at the end of 1924, and considering these transfers, would show a deficit of about \$1,697,000.

The evidence in this and in other proceedings coming before the Commission during the spring and summer of this year indicates that the drought conditions of 1924 are so serious that their repetition is to be expected only at rare intervals. The flow of the streams in the Sierra Nevadas, from which this company derives the bulk of its water power, appears to be far below such flow during any of the dry years that have occurred since reliable records have been kept. These conditions have, of necessity, resulted in greatly increased operating expenses, and have required a curtailment in the use of power by applicant's consumers.

The general prosperity of the territory served by applicant has been more or less seriously affected by the same conditions of drought and the curtailment of electric service made necessary by the shortage on applicant's system has furthered the extent of this burden.

On the other hand, it must be borne in mind that the growth of the territory is dependent upon the continuing ability of this agent of the public to meet the demands for power. This condition places applicant in a somewhat different position than other lines of industry. Applicant must not, even under the conditions such as this year presents, be forced into a financial position such as may cause serious curtailment in its essential development, which in turn would cause loss to the public because of inadequate power supply in the future.

It appears that there is no contention that the present rates are too low for average conditions, but that the burden of increased operating expenses is too great to be borne entirely by the company, in view of the continued and rapid development of the territory dependent upon it, with the resultant burden of financing and developing which the company must meet. An indication of the demand for financing is obtained

from the estimates of rate base or investment used by Mr. Carr, which were, in round numbers:

1923 -----	\$107,000,000
1924 -----	138,000,000
1925 -----	177,000,000
1926 -----	200,000,000

Detailed figures of operating expenses and revenue were introduced by the company and on behalf of the cities. As is not unnatural, the company's estimate of operating revenues and expenses in this as in previous cases present a pessimistic rather than an optimistic view of the situation. It is not to be expected that the revenues will be less than now estimated by the company nor that the expenses will be more. On the other hand, it was brought out during the hearing that certain factors which had not been fully considered in the company's figures are quite likely to result in a better showing than is reflected. The figures, as presented by Mr. Decker, witness for the cities, will therefore be used for the basis of this decision. The following table shows these figures as well as the effect of drouth conditions on the company's operations as indicated by its own estimates:

**TABLE NO. 1.**  
**Estimate of Operating Revenue and Expenses, Southern California Edison Company, Year 1924.**

	Average water conditions Company's estimate  Company's Exhibit 13	Actual conditions	
		Company's estimate  Company's Exhibit 13	Cities' estimate  Cities' Exhibit 4
Electric operating revenue--	\$22,279,000	\$20,554,000	\$21,250,000
Operating expense--			
Production -----	\$2,389,000	\$6,888,000	\$6,888,000
Transmission -----	585,000	585,000	585,000
Distribution -----	1,920,000	1,920,000	1,730,000
Commercial -----	1,207,000	1,207,000	1,105,000
General -----	728,000	728,000	728,000
Rentals -----	30,000	30,000	30,000
Uncollectible bills -----	24,000	24,000	24,000
One-third deficit			
S. J. and E. Ry. Co.---			52,000
Taxes -----	2,206,000	1,614,000	1,614,000
Totals-----	<u>\$9,089,000</u>	<u>\$12,996,000</u>	<u>\$12,756,000</u>
Net for depreciation and return -----	\$13,190,000	\$7,558,000	\$8,494,000
Depreciation annuity -----	1,869,000	1,869,000	1,869,000
Net for return-----	\$11,321,000	\$5,689,000	\$6,625,000

Mr. Carr used in his presentation a figure for rate base for the year 1924 furnished him by the company, and the Commission has been supplied with details supporting this figure. An examination of these details indicates that for an emergency proceeding of the present nature

the result may be accepted. As a provisional rate base for the year 1924, for the purpose of this decision only, the sum of \$137,700,000 will be used. The expected net revenue for the year 1924, as developed in Table No. 1, amounting to \$6,625,000 after depreciation, is a return on this rate base of 4.8 per cent.

In 1920, in a rate case before this Commission, Southern California Edison Company proposed the establishment of a contingency reserve fund. As modified by the Commission, such fund was established for the purpose of absorbing fluctuations in operating expenses occasioned by variations in the supply of hydro-electric power and in the price of fuel. For the past four years this contingency reserve has been in existence and on January 1, 1924, it contained a balance of \$1,581,000. The operations of the present year will not only entirely wipe out this balance, but the fund will fail to meet the contingency by approximately \$3,000,000. While the reserve is clearly inadequate to meet the burden which the conditions of the present year impose upon it, it should be applied to meet, as far as it may, the unusual expenses.

From the cities' estimate prepared by Mr. Decker it appears that, without the use of the contingency reserve, the company's net earnings will fall \$3,703,156 below a  $7\frac{1}{2}$  per cent return upon the rate base, and that, if the contingency reserve is applied, they still will be \$2,121,965 below a  $7\frac{1}{2}$  per cent return.

It is to be noted that, in the analysis of the evidence presented, Mr. Carr in his brief pointed out the possibility that even a better condition will exist than estimated by Mr. Decker, so that the deficit of approximately \$2,100,000 may be somewhat reduced.

Mr. Carr, in his brief, apparently takes the position that the Commission, in its Decision No. 12718, in which the present rates were fixed, determined the rate of return for 1924 to be  $7\frac{1}{2}$  per cent. This conclusion is not entirely justified by the previous decision in which the Commission pointed out that:

It would appear, in view of the general tendency toward an increase in the profits from the business caused by concentration of the load and an increase in the use of electricity, as well as reduction in operating costs, that rates should now be fixed which may result in an estimated return based on capital and sales somewhat less than would be considered reasonable on the average. On the other hand, this company is faced with the necessity of rapid enlargement of its system and of making large expenditures to meet the unprecedented growth of southern California. In view of all the conditions existing, we are of the opinion that a return of approximately 7.5 per cent on the 1923 basis (federal income tax being considered as an operating expense), is a reasonable return, it being expected that as business increases with the rapid growth of the territory served, the net return will increase somewhat. Special care on the part of the management of the utility should also result in some increases in efficiency and reduction in cost of operation, a part of the results of which at least should be available to the utility as compensation for such improved efficiencies.

It was contemplated that, under normal conditions, as the business became more concentrated and the economies were made effective, a somewhat higher return might be expected.

It is apparent that under the conditions which have been described, the company can not hope to earn a return that might under normal conditions be considered reasonable. At the same time it can not be expected to proceed with financing and construction work without some relief from the abnormal conditions under which its operations must be carried on. It would seem fair that the company and the rate-payers share the burden imposed by this unusual condition. If during a year, which the company's representatives have described as coming but once in fifty years, this company is enabled to earn a return upon its reasonable investment of  $6\frac{3}{4}$  per cent, its earning capacity under normal conditions should be well established and no difficulty should be experienced in financing the developments which are necessary if an adequate supply of power is to be realized in the years to come. To produce a return of  $6\frac{3}{4}$  per cent will require an increase in revenue of approximately \$1,100,000, and the order will so provide.

In considering the sources from which increased revenue should be derived, the Commission is of the opinion that serious consideration should be given to economic conditions at this time affecting agriculture.

For several seasons farmers in California and elsewhere have encountered many difficulties. Price levels have been low. The farmer has sold his products at low prices compared with the prices he has paid for the articles he has been compelled to buy. Few farmers operated at a profit last year, and this year their difficulties seem to have increased. During the early part of the year the market for California products outside the state was seriously interfered with. The extremely dry weather now prevailing has further imposed unusually heavy and additional burdens.

As pointed out by Mr. Deuell in his argument, the farmer's power bill, already increased by the necessity of unusual pumping to supplement deficient rainfall, also has been further increased by receding underground water levels, necessitating the use of more power to lift the same amount of water.

While it is clear that the ability of an individual consumer or a class of consumers to pay can not be regarded as in any way controlling the fixation of fair rates, yet there seem to be present in this particular case certain facts and circumstances which are believed to justify the exclusion of the agricultural power schedules from the increase of rates which must be granted.

Electric schedules are more or less complex and are so because they are intended to spread the burden as equitably as possible, taking into consideration the widely divergent conditions under which power is

used, and the varying costs of delivering such power at the places at which it is wanted. The relation which a schedule affecting one class of consumers should bear to all other schedules is a matter of sound and discerning judgment and is not susceptible of determination with mathematical exactness. Thus it can not be assumed that the relation established last year between the agricultural power schedules of this utility and all other electrical schedules on this system then was and now remains mathematically exact and not subject to variations in any particular.

We are, therefore, of the opinion, in view of the reasons above set forth, that the exemption of agricultural schedules from a percentage increase in rates in the present circumstances will not result in unjust or undue discrimination against any other class or classes of consumers. Mr. Deuell, in his argument, pointed out many reasons why in equity he believed the farmer should bear no part of the increase. That the company believed the farmers were entitled to some special consideration was evidenced by the fact that in the rates asked for by the company it was suggested that the farmer be increased only about half as much as some other classes of consumers.

But one-sixth of the company's gross revenue is derived from the sale of power for irrigation pumping and the elimination of the agricultural schedules from those to which the emergency increase is to be applied will, therefore, not result in the addition of any material burden to other classes of consumers. In view of the conditions in the agricultural industry already discussed, it appears entirely reasonable that, during the present emergency, the agricultural consumers should be exempted from any increase in rates.

#### ORDER.

Southern California Edison Company having applied to the Railroad Commission for authority to file and make effective new schedules providing for an emergency increase of electric rates, public hearings having been held and the matter being submitted, the Railroad Commission finds as a fact that under the abnormal conditions existing during the year 1924, the present rates and charges of Southern California Edison Company for electric service are unjust and unreasonable. Basing its order upon the foregoing findings of fact and upon the findings of fact set forth in the opinion preceding this order; :

*It is hereby ordered, that*

(1) Effective on bills for flat-rate service delivered during the months of August, 1924, to March, 1925, inclusive, and on bills for metered service based on regular monthly meter readings taken on or after September 1, 1924, and before or on April 30, 1925, unless otherwise ordered, Southern California Edison Company be and it is authorized

to add a surcharge of 10 per cent to its rates as now filed with this Commission; provided, however, that no such surcharge shall be added to bills for service rendered under Schedules P-4 and P-11, as said schedules are now filed with this Commission.

(2) On or before August 15, 1924, Southern California Edison Company shall file with this Commission revised copies of the rate schedules affected by this order.

(3) Southern California Edison Company shall file with this Commission monthly statements of its operating revenues and expenses in form satisfactory to the Commission.

(4) Southern California Edison Company shall account to its contingency reserve for the proceeds of the increases in rates herein authorized.

(5) The Railroad Commission hereby reserves the right to make such other and further orders in this proceeding as shall appear to it to be just and reasonable under the conditions that develop in the future.

(6) The effective date of this order shall be August 15, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this first day of August, 1924.

H. W. BRUNDIGE,  
IRVING MARTIN,  
J. T. WHITTLESEY,  
*Commissioners.*

#### DISSENTING OPINION.

We dissent from the opinion and order issued by the Railroad Commission in Decision No. 13860, signed by three members of the Commission, and dated August 1, 1924. We regret that the Commission as a whole did not have the opportunity of considering together the proposed decision before it was rendered because it involves important principles of rate regulation not heretofore passed upon by the Commission as at present constituted, and because the opinion and order as rendered fails to take into account certain material factors which might have influenced the decision.

The majority decision appears to affirm certain principles in which we can not concur.

First, in its provision for a net return in 1924 of 6½ per cent on the rate base as estimated by the company, its statement of theory appears to imply the principle that this utility should not be permitted to earn less than 6½ per cent on its rate base, even in one out of fifty years regardless of the increased earnings in the other forty-nine years. The



majority opinion in this connection says: "If during a year, which the company's representatives have described as coming but once in fifty years, this company is enabled to earn a return upon its reasonable investment of  $6\frac{1}{4}$  per cent, its earning capacity under normal conditions should be well established, and no difficulty should be experienced in financing the developments which are necessary if an adequate supply of power is to be realized in the years to come. To produce a return of  $6\frac{1}{4}$  per cent will require an increase in revenue of approximately \$1,100,000 and the order will so provide."

It is our opinion that the net return in an abnormal year, such as this year of 1924, should be taken into consideration only in its relation to the return over a period of years, included in which will be found past years in which there was an excess of earnings, and also an estimate of years to come, in which as estimated by the company for this year of 1924 under average water conditions there will, with reasonable probability, be an excess of earnings above the standard set in Decision No. 12718 in October, 1923, when a net return of  $7\frac{1}{2}$  per cent on the rate base was arrived at by the Commission as a reasonable return for this utility.

Opposed to the principle involved in the majority decision in this matter, is the well recognized principle frequently approved by this Commission not only in its own conferences on rate procedure, but expressed in a number of decisions rendered by this Commission that rates should be fixed not with reference to the special conditions found in one particular year, but with reference to the average conditions over a period of years.

Second, the majority decision appears to support opposing principles with reference to the question of basing increased rates on special conditions involved in the company's financing. On the one hand it correctly denies the principle of basing increased rates upon the company's financial needs as indicated in the mortgage provisions attached to its bonds whereby the trustee is permitted to certify to bonds only when the net earnings are equal to one and three-quarters times the total annual bond interest charge; and then the decision proceeds to grant an increase of rates upon the need of maintaining "a sound financial structure," and upon an assumption of the company using more expensive means of financing than that denied. The company's bonds are issued approximately upon a 6 per cent basis, whereas its debentures and preferred stock are issued upon a 7 per cent basis. However, in our opinion there are other principles involved in a rate proceeding quite as important as assisting the company's financial program; and, moreover, so long as the company finds itself able to pay 8 per cent dividends on its more than \$41,000,000 of common stock, we do not believe that it can justly claim an abnormal increase of rates to meet a temporary diminution of its revenues.

This Commission was occupied for a period of nearly nine months last year, from its first hearing in January, 1923, of Case No. 1759, to the date of its Decision No. 12718 in October, 1923, in the conduct of exhaustive hearings and in the analysis and compilation of data from the evidence in that proceeding for the establishment of standard rates to be applied by this company. In that proceeding the Commission had before it data made available after extended investigations by the company's engineers and officers, by the Commission's engineers and by engineers and representatives of the consumers. That record applied to conditions covering many past years and to estimated conditions for years to come. The Commission was repeatedly reminded in that proceeding of the inevitable dry years that would appear. On all of that record rates were fixed by the Commission upon an anticipated net return of  $7\frac{1}{2}$  per cent upon the rate base. We are now reminded by the company in this proceeding that those rates established in October, 1923, on a  $7\frac{1}{2}$  per cent net return basis would have produced in 1924, under average water conditions, a net return of 8.2 per cent on the rate base. This statement only goes to show that the rates were established on a generous basis and confirms the probability of a high rate of return on existing rates as soon as average water conditions return next year or the year after. It is entirely reasonable to assume that on the basis of existing rates any shortage of revenues experienced this year on account of water shortage will be readily absorbed in the company's excess profits in the year or years that will follow. If we are to be urged now within a few months of the Commission's mature Decision No. 12718 of October, 1923, to add a surcharge of 10 per cent to existing rates to tide the company over its temporary diminution of revenues, we might just as reasonably require the company to stipulate that the existing rates will be proportionately reduced when it is found that the 1925 and 1926 revenues yield a net return in excess of  $7\frac{1}{2}$  per cent on the rate base.

Third, a further principle involved in this proceeding, which we believe should be given greater consideration than is effected by the majority decision, is the injustice of requiring the consumers to share the so-called losses of the company at a time when they themselves are suffering similar and serious losses from the very same causes, namely, the shortage of power, and the curtailment of its use, owing to this company's inability through water shortage to supply their needs. We are not at this time, as formerly, confronted by war conditions extending over a period of many years, with its exhausting effect upon the resources of corporate public agencies. We are facing a temporary situation estimated in the majority opinion of the Commission on an eight months basis. This is not an appropriate time for the imposition by the Commission upon cities, industries and other public utilities

dependent upon this applicant company for their electric power of an emergency increase of rates in favor of one utility which is indeed one of the best financed and ablest utilities in the state. It may be well to bear in mind that the so-called losses of this company are merely a temporary reduction of its customary profits.

Fourth, the evidence in this proceeding was very limited and manifestly immature in its preparation. While the majority opinion accepts and uses largely the figures submitted by Mr. Decker, representing the cities protesting in this case, Mr. W. J. Carr, counsel for the cities, points out the inadequacy and hastiness of the check made by Mr. Decker due to the conditions involved. On the other hand, the engineers of the Commission, whose facilities and records are more direct, did not make any report in the record of the case, as we believe they should have done. Otherwise the proceeding is immature and the record incomplete. Under such conditions we believe that a departure from the standard rates set in Decision No. 12718 in October, 1923, established after a complete investigation, should not be approved.

Fifth, the majority decision does not adequately take into account the available resources of the company. The decision uses Mr. Decker's estimate of net revenue for 1924, amounting to \$6,625,000, and bases its conclusions upon that figure in conjunction with the company's estimated rate base of \$137,700,000. It goes at some length into a discussion of Mr. W. J. Carr's figures on excess earnings of the company for the years 1920 to 1923, inclusive, from which it makes certain deductions on account of transfer from earnings to depreciation reserve previously effected; but the decision does not take into account the more important matter of the company's accumulated surplus, revealed in its own annual report to the Commission, which is part of the record in this case.

It is quite true, as pointed out by Mr. Carr, that for some years the company has been earning much in excess of what the Commission, in establishing rates from time to time, estimated to be a reasonable return. That only shows how conservative the Commission should be in considering estimates of anticipated revenues and expenses, and it also suggests that the Commission might well consider some means of equitably adjusting the company's rates so as to more equitably distribute its net return over a period of years, and that consumers may not be called upon to pay excessive rates. But the excess earnings do not indicate all of the company's gains. There is not only the gain above an estimated reasonable rate of return, but there is also a gain within the rate of return above the actual cost of money. It is in the combination of these factors and possibly other gains that we find the accumulation of a surplus, which, together with the contingency reserve, constitute a combined reserve upon which the company can draw to meet the necessities arising from the temporarily diminished revenues.

The records of the company with the Commission show that on January 1, 1924, the accumulated surplus amounted to \$3,393,008. We are advised by the financial department of the Commission that this accumulated surplus is over and above the contingency reserve reported as of January 1, 1924, as amounting to \$1,522,605, and is also over and above the amount of \$1,137,000 previously transferred to depreciation reserve referred to in the majority opinion as not having been taken into account in Mr. Carr's discussion of excess earnings.

On this basis the company had on hand on January 1, 1924, \$3,393,008 in accumulated surplus after paying 8 per cent dividends on its common stock, its regular dividends on preferred stock and interest on all outstanding bonds, and in addition to this surplus had on hand \$1,522,605 in its contingency reserve, created for the purpose of protecting the company against a water shortage or increased cost of fuel oil. This makes a total of \$4,915,613 which the company had on January 1, 1924, with which to fortify itself against loss of expected revenue. The estimated actual revenue under existing conditions accepted in the majority opinion and order amounted to \$6,625,000. Adding these amounts together the company would have available during 1924 a total of \$11,540,613. This is equivalent to 8.38 per cent on a rate base of \$137,700,000, and is actually more than the company claims it would have earned in 1924 on existing rates under average water conditions, on which amount it predicates its so-called losses through water shortage.

It is true that this does not represent a rate of net return exclusively drawn from the earnings of 1924, but it does represent available resources, which have all accrued from net revenues past and present, and should be taken fully into account before any emergency increase of rates is considered.

Let us examine this situation further as to its real financial significance.

The outstanding securities of this company and the interest or dividends payable on the same, respectively, are as follows:

*Funded Debt.*

A. \$3,914,400 of 7% debentures; interest.....	\$274,008
B. \$64,093,000 of 6% bonds; interest.....	3,845,580
C. \$10,225,000 of 5½% bonds; interest.....	562,375
D. \$36,538,700 of 5% bonds; interest.....	1,826,935
Total interest .....	\$6,508,898

*Stock.*

1. \$4,000,000 original preferred stock, 8%.....	\$320,000
2. \$11,328,100 Series A preferred stock, 7%.....	792,967
3. \$9,891,000 Series B preferred stock, 6%.....	593,460
4. \$41,241,372 common stock paying 8%.....	3,299,310
Total dividends .....	\$5,005,737
Total amount of bond interest and stock dividends.....	\$11,514,635

There will be available to the company in 1924 from accumulated surplus, contingency reserve and net return from existing rates the total sum of \$11,540,613. In other words, even under the unfavorable water conditions of this year the company will have enough money to pay all operating expenses, depreciation annuity, interest on bonds, and full dividends on stock, including 8 per cent on its common stock, and still have a surplus of \$25,978. If it should develop that Mr. Decker's estimate of net revenue for 1924 is below the actual results, this surplus would be correspondingly greater. If, however, on the figures before us, the company should temporarily reduce its dividend on common stock to 7 per cent, it would have a surplus of \$438,391. If it should reduce its common stock dividend to 6 per cent, it would have at the end of 1924 a surplus of \$850,804. We submit that this is what the company should do and that no increase of rates should be granted by the Commission at this time.

This company has for many years enjoyed not only profitable returns, but earnings considerably in excess of the rate of return estimated by the Commission from time to time as reasonable. There is every reason to believe that on the basis of existing rates, and on a return of average water conditions next year or the year after, the company can speedily recover its financial position and be stronger than ever. The Commission should base its rates on the average conditions of a period of years, and should take fully into account the return secured by the utility not in a single year, but in a period of years. The existing rates were established only in October, 1923. It is, in our opinion, quite unreasonable for the Commission to be asked a few months later, on account of a temporary water shortage and the consequent added cost of operation, to impose new burdens on consumers who are themselves suffering from the same causes in the shortage of power, especially in the face of the strong financial position of this company and in view of the adequacy of its revenues, together with its accumulated surplus and its contingency reserve to take care of its current requirements.

Dated at San Francisco, California, this fifth day of August, 1924.

C. L. SEAVEY,  
EGERTON SHORE,  
*Commissioners.*

## DECISION No. 14170.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY FOR AUTHORITY TO FILE AND MAKE EFFECTIVE NEW SCHEDULES PROVIDING FOR AN EMERGENCY INCREASE OF ELECTRIC RATES.

Application No. 10143.

Decided October 11, 1924.

**RATES—ELECTRIC UTILITY—SURCHARGE.**—Upon rehearing the Commission rescinds its previous order granting applicant the right to collect a surcharge of 10 per cent on all schedules, except agricultural, to reimburse the utility, to the extent of \$1,100,000, for a loss in net revenue of approximately \$5,000,000, due to shortage of hydro-electric power on account of drought conditions. It is held that the rates were fixed originally upon the average return for a number of years, and that the year 1924 being virtually "one in forty years" the company should absorb its loss in revenue during that year over a number of normal years, instead of receiving special relief because of one bad year.

**DISSENTING OPINION.**—Commissioners Brundige and Martin, in the dissenting opinion, reiterate the reasons given in the original majority decision. It is stated that the effect of the majority opinion on rehearing is to place upon future Railroad Commissions the duty of reimbursing the utility for necessary and admitted expenditures, "to which reimbursement it is, in equity, entitled now. It is obvious that the present Commission has no power to bind its successors in this, or any other, matter."

*Roy V. Reppy and B. F. Woodard, for the Applicant.*

*William Guthrie, for the City of San Bernardino.*

*J. J. Deuel and L. S. Wing, for California Farm Bureau Federation.*

*G. A. French, for the City of Riverside.*

*Bruce Mason and Fred F. White, for the City of Long Beach.*

*J. H. Howard, for City of Pasadena and City Attorneys Association of Southern California.*

*Chester L. Coffin, for the City of Santa Monica.*

*N. B. Bachtell, for District of Lancaster.*

*Irvin H. Althouse, for Terra Bella Irrigation District.*

*F. C. Finkle, for Yucaipa Water Company No. 1; South Mesa Water Company and Western Heights Water Company.*

*L. D. Mayhew, for Globe Grain and Milling Company and Globe Cotton Oil Mill.*

*W. J. Carr and Jess E. Stephens, for City Attorneys Association of Southern California, and the cities of Los Angeles, Chino, Anaheim, Fillmore, Lindsay, Beverly Hills, Long Beach, Hermosa, Monrovia, Pomona, Burbank, San Bernardino, Montebello, Pasadena, South Pasadena, Culver City, San Gabriel, Ventura, Huntington Park, Sierra Madre, Porterville, Torrance, La Verne, Riverside, Venice and San Fernando.*

*Jess E. Stephens, City Attorney, and Perry Thomas, Deputy, for City of Los Angeles.*

*C. L. McFarland, for Riverside Portland Cement Company.*

*Frank Karr, for Pacific Electric Railway Company and Visalia Electric Railway Company.*

*S. M. Haskins, for Los Angeles Railway Corporation.*

*W. P. Butcher, for City of Santa Barbara.*

*W. B. Mathews, for Department of Public Service, City of Los Angeles*

*W. R. McKay, for Kings County and Kings County Chamber of Commerce.*

*A. R. Linn, for city of Hanford and Hanford Chamber of Commerce.*

*Thomas A. Berkebile, for City of Monterey Park.*

*G. W. Trauger, for Lindsay-Strathmore Irrigation District.*

*C. O. Griffin, for Lindsay Chamber of Commerce.*

*E. H. Rawl, for Golden State Milk Products Company.*

*S. B. Anderson, for Goshen Dairymen's Association.*

*A. R. Linn and C. O. Griffin, for San Joaquin Valley Commercial Secretaries Association.*

*M. W. Phillips, for Ojai Power Company.*

*F. J. Hyde and J. T. Crouce, for City of Tulare and Tulare Board of Trade.*

*Henry P. Goodwin and James E. Barker, for City of Azusa.*

*T. G. Anderson, Deputy City Attorney, for Department of Public Service, City of Los Angeles.*

*A. R. Linn, for the San Joaquin Valley Commercial Secretaries Association and affiliated organizations with the exception of Visalia Chamber of Commerce.*

*Edw. T. Bishop, County Counsel, and Ernest R. Pridham, Deputy, for the County of Los Angeles.*

*Glenn D. Smith, for the Ontario Power Company.*

*D. A. Eckert, Director of Lindsay-Strathmore Irrigation District, associated with Geo. W. Trauger.*

SEAVEY AND WHITTLESEY, *Commissioners.*

#### OPINION ON REHEARING.

On June 4, 1924, the Southern California Edison Company filed an application for authority temporarily to increase its rates partially to offset increased operating expenses resulting from a year of unusually low stream flow and correspondingly increased production of steam power. Hearings were held in Los Angeles on June 17th, and July 14th, 16th, 17th and 23d, and on August 1st the Commission rendered its Decision No. 13860. From the figures in this decision, it appears that, as a result of the increased operating expenses and a reduction in gross revenue brought about by the lack of sufficient power to meet the requirements of the company's consumers, its net revenue would be reduced by something less than \$5,000,000 below the revenue which would probably have been received under normal conditions.

The decision points out that, after allowing for depreciation annuity, this is equivalent to a return of approximately 4.8 per cent upon the rate base. Of the reduction in net revenue of nearly \$5,000,000, approximately \$1,500,000 is offset by a contingency reserve accumulated from rates for the purpose of meeting unusual fuel expense during dry years, and an increase in rates of approximately \$1,100,000 was authorized partially to offset the remainder of the deficiency.

The case was reopened by the Commission on August 6th for further hearing, and petitions for rehearing from a number of protestants were granted. Further hearings were held in Los Angeles on August 13th, 14th and 22d, and the case was again submitted.

During these further hearings, additional evidence was introduced bearing upon the probable operating revenues and expenses for the year 1924. The figures so presented indicate that more power will be available for distribution to the public than was expected at the time of the earlier hearings, and that the revenue to that extent will be increased. Much of this additional energy comes from expensive sources and, as a result, operating expenses will also be increased. While the revised figures differ from those used in the previous decision in detail, the estimated result is not substantially changed.

As more fully described in Decision No. 13860, the Edison Company in 1920 suggested the formation of a contingency reserve that was

designed to absorb fluctuations in operating expenses occasioned by variations in the supply of hydro-electric power and the price of fuel oil. While the company's suggestions were not accepted without modification, such a reserve was established and has been in operation since 1921. It may be fairly said, therefore, that for several years the company, the public, and the Railroad Commission have accepted the principle that rates should be fixed upon the basis of average water power conditions. Variations in operating expenses during the past years have been absorbed by the company through the medium of the contingency reserve; and, had the conditions of the present year not been so extreme, there is no doubt that the resulting expenses would also have been absorbed by the company without asking relief, even though, in so doing, it somewhat more than exhausted the contingency reserve.

The question now to be decided is, therefore, whether the conditions of the present year constitute an emergency justifying special consideration or whether the present year should be considered as an incident of the Edison Company's operations. The company claims that the drouth has been so severe and the consequent operating expenses so unusual that special consideration should be given them. The protestants urge that special consideration should not be given to the present year but that it should be considered as one of the years making up the average, particularly in view of the fact that all industry and business has been affected adversely. No claim has been made that the large and unusual expenditures being made are not in the public interest or that the company is seeking any selfish advantage in making them. The policy of considering wet and dry years upon an average basis having been adopted and having given satisfactory results for a number of years, it is apparent that the present year should be taken into the average rather than given special treatment if, by so doing, no detriment to the public interest results.

It is realized that without an increase in rates, the company will be unable to sell for approximately a year any bonds, but this is the result of mortgage provisions rather than market conditions. It can hardly be concluded that the denial of this application will seriously affect the company's ability to proceed with necessary construction work or materially increase the average cost of money. The Edison Company enjoys an unusually strong financial position. The money which it borrows is protected by a substantial stock equity, and at the present time its floating debt is by no means excessive when compared with capitalization and property values. It is of record that the conditions of the present year are without precedent in the records of hydro-electric companies in this state, and this has been spoken of as one year in forty. The effect of such conditions upon the company's position is far different from the loss of revenue through competition, the



decline of the community or any other more permanent cause. To a very considerable extent the stock of the Edison Company is held in territory served, where the public is naturally fully acquainted with the circumstances. In view of the facts and of the company's record, it seems most unlikely that a temporary condition such as confronts the company now will have any serious or lasting effects on the company's credit.

The present year presents unusual problems to applicant's consumers due to the general economic depression and the curtailed use of electric power made necessary by the drouth and inability of the company to meet the demands made upon it. The fixing of rates upon average rather than special conditions is highly desirable because it eliminates objectionable fluctuations in rates and distributes over several years the burden that would otherwise be concentrated in a single year.

The evidence in this proceeding shows that considering an average of the water power conditions of the past several years, the existing rates are just and reasonable. Fluctuations of fuel expense during the past few years have been absorbed through the contingency reserve and it appears reasonable that the unusual production expense of the present year be treated in the same way. This policy will be just to the company and will have the great added advantage of avoiding an increased burden upon consumers at a time when they are suffering from a general economic depression and an inadequate supply of electric energy.

In view of all the conditions, including the strong financial status of the company, the net return to be earned even under the very abnormal conditions, the economic situation existing and the curtailment of power, we have come to the conclusion that the present year, although it will produce much less than the normal net revenue, should be treated as but one of the many years going to make up the average condition upon which rates should be based.

The previous order will, therefore, be rescinded and the application of Southern California Edison Company for authority temporarily to increase its electric rates will be denied.

#### ORDER.

Southern California Edison Company having applied to the Railroad Commission for authority to file and make effective new schedules providing for an emergency increase of electric rates, the Railroad Commission having on August 1, 1924, rendered its Decision No. 13860 and having by order, dated August 6, 1924, reopened the case for further hearing, and having by order, dated August 11, 1924, granted the petitions of certain parties for rehearing of said matter, further hear-

ings having been held, the matter now being submitted and ready for decision, and the Railroad Commission being of the opinion that the authority applied for ought not to be granted;

*It is hereby ordered*, that the order of this Commission embodied in its Decision No. 13860, dated August 1, 1924, be and the same is abrogated and rescinded, and the application of Southern California Edison Company for authority to file and make effective new schedules providing for an emergency increase of electric rates is denied.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eleventh day of October, 1924.

C. L. SEAVEY,  
EGERTON SHORE,  
J. T. WHITTLESEY,  
*Commissioners.*

#### DISSENTING OPINION.

The rehearing held in this case revealed no new testimony of importance. Actual operating figures for May, June and July were substituted for estimated figures. Certain small changes resulted. There was a slight increase both in revenue and expenses, leaving a slightly less percentage of return to the company than had been estimated in the original decision.

The figures presented in these hearings check so closely that they may be accepted as the fairest and most accurate estimates that can be made at this time. Such differences of opinion as may exist, therefore, may be said to be the result of applying conflicting theories to a given or admitted set of facts rather than the reverse.

There is no dispute as to the fact that it will cost the Southern California Edison Company, in round figures, \$5,000,000 more to serve its consumers with light and power during 1924 than it would have cost had there prevailed the average water conditions which were the basis of the present rates, which were fixed in October, 1923. The disagreement among the members of the Railroad Commission is over the question of what shall be done about it.

It should be borne in mind that the lack of rainfall in 1924 was the most serious prevailing over a term of approximately forty years, so far as it affects the source of hydro-electric power in the territory covered by Southern California Edison plants. The territory served by the Edison Company has been growing at a tremendous rate and the demand for power has increased with population or even more rapidly. Edison Company sales in 1923 increased 30 per cent over

those of 1922. Even during 1924, when all industry was compelled to reduce its demands, it is estimated that total Edison Company sales, measured in kilowatt hours, will exceed those of 1923 by approximately 17 per cent and those of 1922 by 53 per cent.

During 1924 there was a shortage in hydro-electric production on the Edison system of 820,000,000 kilowatt hours below the amount that would have been produced under average water conditions. This is equivalent to a reduction in normal output of  $53\frac{1}{2}$  per cent.

To make up this great shortage in hydro-produced power, the Southern California Edison Company not only ran to full capacity its efficient steam plants, but early in the year it placed in operation its Santa Barbara and Visalia steam plants, which, in 1923, were thrown out of the rate base because of obsolescence.

The company also leased and rehabilitated every private steam plant available which could be connected to its system or to connecting systems, including plants of the Pacific Electric Railway that had not been operated for a number of years. Small plants of private industries were operated at its expense and all surplus power produced by other electric utilities was purchased to relieve the situation. So great was the emergency, and so imperative was the demand for power, the company purchased power or produced power at a cost which, in a number of instances, was in excess of the revenue received therefrom.

In 1923, the Commission estimated that the company should be entitled to earn something more than  $7\frac{1}{2}$  per cent on its reasonable investment in property "used and useful" in the public service. By reason of excessive cost of production, due to the unusually dry year, the company, in 1924, will earn approximately \$4,053,000, less than a  $7\frac{1}{2}$  per cent return. There has been provided, during the past four years, a contingency reserve to take care of differences in cost of power due to water conditions and oil prices. At the beginning of 1924 there was in this fund \$1,581,000. By applying all this money to reduce the production costs of this year, the company still falls approximately \$2,472,000 short of the estimated return of  $7\frac{1}{2}$  per cent, which was believed to be the very minimum the company was entitled to earn under average water conditions, and out of which return it must pay all the interest on its funded and floating debt, interest upon reinvested depreciation reserve, amortize its debt discount and expense, and pay dividends upon its stock.

In the majority opinion on the original hearing, the company was given an increase of 10 per cent on all schedules, except agricultural, for a period of eight months. It was expected that the increase would amount to about \$1,100,000 in revenue, and that this additional amount of money would provide for the company from 1924 operations, after including the \$1,581,000 from the contingency reserve, approximately

6½ per cent return on the investment in the property devoted to the public service.

That decision was based on a belief that it would be fair to the company and to the ratepayers to require each to bear a part of the extraordinary burden, caused by the excessive and unusual drought. As nearly as could be, the original decision placed about one-half this burden on the company and the other half on the ratepayers.

In the minority opinion in the original hearing, it was urged that the company should bear all of the extraordinary expense incurred during this year "in view of the adequacy of its revenues, together with its accumulated surplus and its contingency reserve to take care of its current requirements." The company's revenues for this year are inadequate by \$4,053,000 to provide a return of even 7½ per cent; the company's accumulated surplus did not, as has been alleged, result from excessive earnings in past years; this surplus is not a cash fund, but is reinvested in plant; full allowance is made for the use of the contingency reserve.

This claim seems to be abandoned in the majority decision upon rehearing. The suggestion therein made is that the expenses of this year be included in the average upon which rates shall be based in the future. This suggestion means that the losses of this year be absorbed over a period of years. The question which here is presented is whether the increased costs incurred by the company during 1924 should, in part, be made up by consumers who have been beneficiaries of such increased costs (which was the effect of the majority decision in the original hearing), or whether these costs should be spread out over a long term of years and paid for by consumers who will receive little if any benefit at all from such increased expenditures. The year 1924 has been spoken of as one year in forty and if it is in the contemplation of the majority members of the Commission that one-fortieth of the cost not covered by contingency reserve should be added to the expenses of each year for the next forty years, we then would have succeeded only in passing on this debt to posterity. Even if these costs should be amortized over a period of only one-half that time, it seems that the principle still would be objectionable. In effect such a proposal is to leave in the hands of future Commissions the duty of reimbursing the company for necessary and admitted expenditures, to which reimbursement it is, in equity, entitled now. It is obvious that the present Commission has no power to bind its successors in this or any other matter.

Economic conditions and price levels change from time to time. Utility rates, to be fair alike to consumers and the company, must change also. It is not possible that any Commission can fix rates so as

to spread the losses of 1924 over a period of forty or even of twenty years. If this were possible, in our opinion, it would be undesirable. In effect, the result can only be to deny the company any reimbursement for its extraordinary expenditures.

We feel that if some consideration is not to be given to the extraordinary cost incurred in purchasing and in producing power to keep the wheels of industry moving as rapidly as possible this year, and if all of these extraordinary expenditures must be borne in their entirety by the company, there will be little, if any, incentive, under similar conditions in the future, for any utility to go to such lengths and incur such costs as did the Southern California Edison Company this year in its endeavor to serve its consumers.

For the reasons stated we dissent from the conclusions contained in the majority opinion upon rehearing.

Dated at San Francisco, California, this eleventh day of October, 1924.

H. W. BRUNDIGE,  
IRVING MARTIN,  
*Commissioners.*

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DECISION No. 14172.

IN THE MATTER OF THE APPLICATION OF STOCKTON WHARF AND  
WAREHOUSE COMPANY, A CORPORATION, FOR A PERMIT TO  
ISSUE CERTAIN SHARES OF ITS CAPITAL STOCK.

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Application No. 10327.

Decided October 11, 1924.

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*John E. Bennett*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Stockton Wharf and Warehouse Company in this application has applied to the Railroad Commission for permission to issue fifty shares of its common capital stock of the aggregate par value of \$5,000.

It appears that applicant was organized for the purpose of conducting a general warehouse business in Stockton, for which purpose it intends to use the properties of San Joaquin Wharf and Warehouse Company. The record shows that the properties of San Joaquin Wharf and Warehouse Company heretofore have been leased to A. W. Scott Company. As the business of A. W. Scott Company is that of buying and selling grain, and not of warehousing, it has caused the organization of applicant for the purpose of operating such properties as a public warehouse-

man and has sublet such properties to applicant, with certain reservations for a small amount of space.

Annual reports of San Joaquin Wharf and Warehouse Company filed with the Commission show that it has three warehouses, known as the grain warehouse, the hay warehouse and the romaine warehouse, which have an aggregate capacity of 8800 tons. The reports show gross revenues of this company of \$7,499.66 for 1921, \$17,726.43 for 1922 and \$16,606.77 for 1923. After paying operating expenses, the company reports net operating loss for 1921 of \$11,787.50, net operating revenues for 1922 of \$3,693.46 and net operating loss for 1923 of \$1,676.33.

A copy of the lease between A. W. Scott Company and Stockton Wharf and Warehouse Company has been filed with the Commission. It is dated July 17, 1924, and runs for one year, with option for extension, one year at a time, for four additional years, and provides for an annual rental of \$5,000 for the first year, \$5,416.65 for each year of the next two years and \$5,833.30 for each year of the two years thereafter, should the option for renewal be exercised. It appears that applicant is of the opinion that its volume of business will enable it to meet the payments under the lease.

Applicant's articles of incorporation show that it was organized on or about July 10, 1924, with an authorized capital stock of \$25,000 consisting of 250 shares of common stock of the par value of \$100 each. The \$5,000 it is now proposed to issue will be delivered to A. W. Scott, Jr., in consideration of his services in obtaining the lease and in causing the organization of applicant. It is of record, however, that the purpose of this application is to obtain permission to issue a nominal amount of stock to some responsible person, in order that the company may be placed in a position to issue warehouse receipts.

#### ORDER.

Stockton Wharf and Warehouse Company having applied to the Railroad Commission for permission to issue \$5,000 of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the stock herein authorized is reasonably required by applicant;

*It is hereby ordered*, that Stockton Wharf and Warehouse Company be and it is hereby authorized to issue, on or before December 31, 1924, \$5,000 of its common capital stock to A. W. Scott, Jr., in payment for services as outlined in this application, provided that applicant, within thirty days after issuing such stock, shall file with the Commission a verified statement showing the issue and delivery of the stock, such statement to be filed pursuant to the terms of General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this eleventh day of October, 1924.

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DECISION No. 14175.

IN THE MATTER OF THE APPLICATION OF SAN GORGONIO POWER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK AND BONDS.

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Application No. 10509.

Decided October 16, 1924.

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*Boguc and Pierson*, by *Warren Lee Pierson*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing the San Gorgonio Power Company to issue \$5,000 of 7 per cent bonds and \$100,000 of 7 per cent preferred stock. The company intends to sell its bonds at not less than 93 and accrued interest, and its stock at par, less a selling expense of 12 per cent. Reference will hereafter be made to the purposes for which applicant intends to expend the proceeds obtained from the issue of its stock and bonds.

By Decision No. 11432, dated December 22, 1922, as amended, in Application No. 8310, the Commission authorized San Gorgonio Power Company to issue \$100,500 of common stock and \$400,000 of bonds, and to execute a mortgage to secure the payment of an authorized bond issue of \$450,000. The stock was authorized to be issued in payment for properties acquired from Consolidated Reservoir and Power Company, while the company was authorized to use the proceeds from the sale of its bonds for the following purposes:

Plant No. 1, about.....	\$168,992 70
Plant No. 2, about.....	126,273 70
Transmission line, about.....	19,565 65
Water conservation work, about.....	22,500 00
Contingencies and engineering on water conservation work, about.....	2,250 00
Interest during construction.....	20,000 00
To pay indebtedness other than the \$50,000 debt referred to in the preceding opinion, about.....	12,417 95
Total.....	<u>\$372,000 00</u>

The two hydro-electric plants of the company have been constructed and were placed in operation during January of this year. The actual

cost of the plants is reported by the company in its Exhibit "D" filed in this proceeding at \$441,379.07. This cost includes \$31,615.80 of bond discount and expense. This amount is not in its entirety a charge to fixed capital account. Only the proportion of bond discount and expense amortized during 1923 is a charge to fixed capital account. On a straight line amortization basis the amount that may be charged to fixed capital is \$1,264.63. The difference between \$31,615.80 and \$1,264.63 is \$30,351.17. Deducting the \$30,351.17 from the \$441,379.07 leaves a cost of \$411,027.90. The increase in the cost as now reported of the two hydro-electric plants and appurtenances, as compared with the estimate submitted in Application No. 8310 (Decision No. 11432) is \$39,027.90. This increase is alleged to have been caused by changes in the construction plans, unavoidable delays in the construction of the plants and to **unexpected difficulties encountered in construction.**

Applicant further states that it has need for additional funds for the following purposes:

To pay amounts representing materials purchased.....	\$3,000 00
To cover lower canal.....	5,000 00
To construct steel by-pass from tank No. 2.....	3,000 00
To complete storm control dams.....	12,000 00
To construct fire breaks and trails.....	6,000 00
To pay interest .....	14,000 00
Miscellaneous .....	3,680 56
<b>Total.....</b>	<b>\$56,680 56</b>
Adding excess cost of plants.....	39,027 90
<b>Results in a total of.....</b>	<b>\$95,708 46</b>

which the company now asks permission to finance with the issue of \$5,000 of bonds and \$100,000 of 7 per cent preferred stock.

Applicant in its Exhibit "C" submits a statement showing the number of kilowatt hours of electrical energy sold to The Southern Sierras Power Company during the first eight months of this year. The total receipts from the sale of electrical energy during such period are reported at \$16,136.90. Under the contract between applicant and The Southern Sierras Power Company, applicant must pay The Southern Sierras Power Company \$835 per month to reimburse such company for moneys expended in the operation of applicant's hydro-electric plants. Deducting this monthly charge, which amounts to \$6,680, leaves a balance available for interest of \$9,456.90.

Applicant has \$400,000 of 7 per cent bonds outstanding and a \$30,000 6 per cent note. The bonds are secured by a mortgage or deed of trust



which is a lien on all of the company's properties. The bonds mature serially as follows:

Bond numbers, both inclusive		When due
M-1	to M-5	October 1, 1924
M-6	to M-12	October 1, 1925
M-13	to M-19	October 1, 1926
M-20	to M-27	October 1, 1927
M-28	to M-35	October 1, 1928
M-36	to M-44	October 1, 1929
M-45	to M-53	October 1, 1930
M-54	to M-62	October 1, 1931
M-63	to M-72	October 1, 1932
M-73	to M-82	October 1, 1933
M-83	to M-93	October 1, 1934
M-94	to M-104	October 1, 1935
M-105	to M-115 and D-1 to D-2	October 1, 1936
M-116	to M-126 and D-3 to D-6	October 1, 1937
M-127	to M-138 and D-7 to D-10	October 1, 1938
M-139	to M-151 and D-11 to D-14	October 1, 1939
M-152	to M-164 and D-15 to D-20	October 1, 1940
M-165	to M-178 and D-21 to D-26	October 1, 1941
M-179	to M-193 and D-27 to D-32	October 1, 1942
M-194	to M-209 and D-33 to D-40	October 1, 1943
M-210	to M-225 and D-41 to D-50	October 1, 1944
M-226	to M-243 and D-51 to D-64	October 1, 1945
M-244	to M-260 and D-65 to D-80	October 1, 1946
M-261	to M-400 and D-81 to D-100	October 1, 1947

The company in its mortgage has covenanted and agreed that it will deposit with the trustee on or before January 1, 1924, and on or before the fifteenth day of January of each year thereafter the sum of \$2,000, such sum to be paid out of its net earnings. If the company's net earnings during any one year do not amount to such sum, all of the company's net earnings must be deposited. Such deposits must be made until the sum of \$40,000 is on deposit with the trustee. The trustee shall invest all of such moneys in United States bonds or United States treasury certificates and the interest received on such bonds shall be added to the fund. The annual payments to be made by the company will be reduced by the amount of interest collected by the trustee on securities purchased by it for the fund. The company is permitted to draw upon such fund to reimburse itself on account of expenses for renewals and replacements to its plants or transmission line. If any withdrawals are made, the company agrees to again make annual payments in order to bring the amount up to a total of \$40,000. The company in its mortgage has further agreed that it will invest at least \$40,000 in the construction of its hydro-electric plants, which shall not be obtained from the sale of bonds. Of this amount, at least \$18,000 shall be expended in the construction of a road to its plants. The company has further agreed that it will not declare or pay any dividends, or bonus, or make any distribution of profits or surplus to its stockholders until after it shall have deposited with the trustee sufficient money to pay all interest which may become due during the period

of twelve months next succeeding the payment of such dividend and such part of the principal of the bonds issued and outstanding as may become due during such period, and after it shall have made provision for depositing with the trustee any sum payable during the period of twelve months next succeeding the payment of such dividend under the sinking and replacement fund provision to which reference has been made. It will be noted that \$5,000 of the company's bonds mature on October 1, 1924, and that \$7,000 are due October 1, 1925. The annual interest charge of the company on its outstanding bonds amounts to \$27,650. Adding the annual operating expense of \$10,030 which must be paid by applicant, its 1925 interest charge at least \$29,450, its sinking or replacement fund \$2,000, and bond redemption \$7,000, makes a total of \$48,470 that must be paid before any dividends can be paid. During the first eight months of the current year the company had receipts, as stated above, of \$16,136.90. It has submitted an exhibit showing the amount of electrical energy that would have been available had these plants been constructed during the years 1913 to 1923, inclusive. The average annual income for this period is reported at \$63,000. During the period the company's earnings, according to the exhibit, would have varied from \$26,221 in 1919 to \$99,929 in 1913. The actual earnings for 1924 may be less than the earnings for any one of the years from 1913 to 1923, both inclusive. The problematical earnings from 1913 to 1923 do not represent money earned to offset the deficit for 1924, which is actual.

Applicant asks permission to issue and sell \$100,000 of 7 per cent preferred stock. The dividend on this stock is to be cumulative. The stock is redeemable at the option of the company at 110 and accrued dividends. In order to sell the stock the company asks permission to expend 12 per cent of the proceeds realized from the sale of the stock to pay stock selling commissions and expenses. The Commission is asked to authorize the issue of preferred stock on a record which shows that the company is not earning its bond interest, and further shows that it is doubtful whether any dividends, because of mortgage provisions and this year's operating deficit, can be paid for several years to come. While it is true that the dividends on the preferred stock are not a fixed charge, yet it is a fact that many purchasers of preferred stock believe or are led to believe that dividends on such stock are guaranteed and will be paid without fail. Regular dividend payments of the San Geronio Power Company are by no means assured, and under the circumstances we feel that the company should not be permitted to issue any preferred stock. We believe that any moneys necessary to maintain these properties must temporarily, at least, be obtained through the credit of the company or its stockholders or advanced by such stockholders.

The order will authorize the issue of \$5,000 of bonds. These bonds are secured by a lien on the property and in effect are a substitution for bonds redeemed.

**ORDER.**

San Gorgonio Power Company having applied to the Railroad Commission for permission to issue \$5,000 of bonds and \$100,000 of preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application, in so far as it involves the issue of preferred stock, should be continued, and that the money, property or labor to be procured or paid for through the issue of the \$5,000 of bonds is reasonably required by applicant and that the issue of such bonds should be authorized;

*It is hereby ordered*, that the San Gorgonio Power Company be and it is hereby authorized to issue and sell, on or before December 31, 1924, \$5,000 of its 7 per cent bonds and use the proceeds to pay in part the cost of the improvements referred to in this application. The authority herein granted to issue such bonds is subject to further conditions as follows:

1. San Gorgonio Power Company shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue the bonds will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

*It is hereby further ordered*, that this application, in so far as it involves the issue of \$100,000 of preferred stock, is denied without prejudice.

Dated at San Francisco, California, this sixteenth day of October, 1924.

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DECISION No. 14176.

IN THE MATTER OF THE APPLICATION OF CENTRAL COUNTIES GAS COMPANY FOR ORDER AUTHORIZING ISSUE AND SALE OF EIGHTY THOUSAND DOLLARS OF ITS FIVE-YEAR SEVEN PER CENT CONVERTIBLE DEBENTURE BONDS.

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Application No. 10440.

Decided October 16, 1924.

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F. W. Hunter, for Applicant.

BY THE COMMISSION.

## OPINION.

In this application the Railroad Commission is asked to make an order authorizing Central Counties Gas Company to execute a trust indenture and to issue and sell \$80,000 of its five-year 7 per cent convertible debenture bonds.

The application shows that Central Counties Gas Company is engaged in the business of manufacturing, supplying, delivering and selling artificial gas in and about the cities of Visalia, Tulare, Exeter, Lindsay and Porterville. As of June 30, 1924, the company reports outstanding \$155,080 of common stock and \$400 of 7 per cent cumulative preferred stock. Its bonded debt as of the same date is reported at \$496,000 consisting of \$348,000 of first mortgage 6 per cent bonds due in 1939, and \$148,000 of 7 per cent debentures due serially during the years 1924 to 1927, inclusive. In addition, the application shows outstanding a 6½ per cent mortgage note for \$18,000, other notes of \$27,500, miscellaneous accounts payable of \$58,356.82, and consumers' deposits and advances of \$4,542.96.

Applicant at this time seeks authority to issue only \$80,000 of debenture bonds. It asks permission to sell such bonds at not less than 95 per cent of face value and it asks permission to use the proceeds for the following purposes:

For the purchase and installation of a 250 horsepower marine type water tube boiler with stock and fittings-----	\$6,500 00
For the purchase and installation of an Ingersoll Rand duplex steam-driven compressor -----	4,500 00
To refund a three-year 6½ per cent note due May 25, 1925-----	18,000 00
To refund a 90-day 7 per cent note, dated July 19, 1924, representing moneys borrowed for additions and betterments-----	25,000 00
To reimburse the treasury for capital expenditures-----	22,500 00
Total-----	<u>\$76,500 00</u>

While applicant asks permission to reimburse its treasury with \$22,500 of proceeds to be received from the sale of its debenture bonds on account of capital expenditures of \$22,500 already made, it is of record that a relatively small amount of such expenditures represented surplus earnings. Approximately \$20,000 is represented by borrowed moneys or the reserve for accrued depreciation. F. W. Hunter, applicant's vice president, testified that the \$22,500 of proceeds will be used to liquidate indebtedness incurred in making additions and betterments and the order herein will so authorize.

By Decision No. 13269, dated March 14, 1924, in Application No. 9825, the Commission authorized applicant to issue and sell not exceeding \$100,000 of its common stock, or \$100,000 of its preferred stock or such portion of either as it may elect to issue in an aggregate amount

of not exceeding \$100,000. The order of the Commission permitted the company to sell its stock at not less than 92 per cent of par value and to use the proceeds for the following purposes:

For the purchase and installation of 20,000 feet of 8" transmission line	\$25,000 00
For the purchase and installation of 30,000 feet of 2" distribution mains	12,000 00
For the purchase and installation of 500 new services, meters and regulators	13,000 00
To refund a 90-day 7 per cent note	20,000 00
To pay indebtedness and finance in part the cost of extensions, additions and betterments to applicant's plants and properties prior to January 1, 1924	22,500 00
Total	\$92,500 00

It appears that the \$20,000 and the \$22,500 items are included among the purposes for which applicant now asks permission to use debenture bond proceeds. For this reason a supplemental order will be made in Application No. 9825 modifying Decision No. 13269 so as to provide that \$42,500 of the proceeds to be obtained from the sale of the \$100,000 of stock may be expended only as authorized in supplemental orders. The order in Decision No. 13269 will be further modified so as to permit applicant, if it so desires and if called upon to do so, to issue not exceeding \$80,000 of the stock therein authorized in exchange for the debenture bonds herein authorized upon the terms and conditions of the trust indenture providing for the issue of debenture bonds.

On October 10th applicant filed with the Commission a revised copy of its proposed trust indenture securing an authorized issue of \$100,000 of five-year 7 per cent convertible bonds, dated October 1, 1924. Of these bonds \$80,000 are to be sold forthwith. The trust indenture, among other things, provides that in case any money is paid to the trustee on account of any loss or damage covered by insurance, the company shall be entitled to use and apply the same to reimburse itself for expenditures made to purchase or construct additional property. Before the trustee can turn over the money he must be furnished with a certificate of an engineer of good standing satisfactory to the trustee and William R. Staats Company, certifying that the company has actually expended in the purchase or construction of such property a sum equal to not less than the money called for in such demand and that such property or equipment is reasonably of such value. The company further agrees that it will at all times hereafter upon the written request of William R. Staats Company, the trustee, or the holder or holders of a majority in amount of the outstanding convertible bonds, furnish and deliver to such person or persons so requesting, as often and in such form as may be required by such person or persons, a statement in writing attested by the signature of the com-

pany's president and secretary, showing the financial condition of the company, and specifying particularly its earnings and operating expenses month by month, for a period of at least one year immediately prior to the time of making such request. An appraiser or appraisers approved by the trustee and William R. Staats Company must approve the substitution of real property for property sold having a value of not less than \$20,000. The company further agrees that its books shall at all reasonable times be open to the inspection of the trustee and to William R. Staats Company. If the company should fail to comply with any of the covenants or conditions it can be declared in default.

Another provision (Article IX) provides that no recourse shall be had for the payment of the principal, or interest, upon any of the bonds against any incorporator, or any stockholder, director or officer, past, present or future, of the company or of any predecessor or successor corporation whether by virtue of any consideration, statute, or rule of law or equity or by the enforcement of any assessments or penalty or otherwise, all of such liability being expressly released and waived.

We believe that the covenants and conditions to which reference has been made are objectionable, and should be modified and that Article IX, as well as the corresponding provision in the form of the bond itself, should be eliminated entirely.

It is readily conceivable that delays may result in the company getting the benefit of insurance moneys because of the fact that the trustee and William R. Staats Company may be unable to agree on an engineer to pass upon the reasonableness and the necessity of moneys expended to acquire or construct properties to take the place of properties destroyed. The selection of the engineer or an appraiser of properties should be left with the company and the trustee. As to financial statements the company should covenant that it will annually have its books examined by a certified public accountant satisfactory to the trustee and that a copy of such auditing report will be filed with the trustee. If William R. Staats Company or any other holder of bonds desire to examine the company's books, they should make such examination by virtue of being stockholders and not by virtue of a right conferred in a trust indenture such as the one before the Commission. The authority granted in the following order will not become effective until the Commission has authorized applicant to execute a trust indenture.

#### ORDER.

Central Counties Gas Company having applied to the Railroad Commission for an order authorizing the execution of a trust indenture and the issue and sale of \$80,000 of debenture bonds, a public hearing

having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Central Counties Gas Company be and it is hereby authorized to issue and sell at not less than 95 per cent of face value plus accrued interest, \$80,000 of its five-year 7 per cent debenture bonds.

The authority herein granted is subject to the following conditions:

1. Applicant may use the proceeds to be received from the sale of its debenture bonds for the following purposes:

For the purchase and installation of a 250 horsepower marine type water-tube boiler with stock and fittings-----	\$6,500 00
For the purchase and installation of an Ingersoll Rand duplex steam turbine compressor-----	4,500 00
To refund a three-year 6½ per cent note due May 25, 1925-----	18,000 00
To refund a 90-day 7 per cent note, dated July 19, 1924-----	25,000 00
To liquidate outstanding indebtedness and to finance the cost of additions and betterments-----	22,500 00
Total-----	\$76,500 00

2. Applicant shall keep such record of the issue and sale of the debenture bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$80, and when the Commission has authorized applicant to execute a trust indenture under which said convertible bonds will be issued.

Dated at San Francisco, California, this sixteenth day of October, 1924.

#### DECISION No. 14178.

CITY OF OAKLAND, A MUNICIPAL CORPORATION,

*vs.*

SOUTHERN PACIFIC COMPANY OF KENTUCKY, A RAILROAD CORPORATION; SOUTHERN PACIFIC RAILROAD COMPANY OF CALIFORNIA, A RAILROAD CORPORATION, AND SOUTH PACIFIC COAST RAILWAY COMPANY OF CALIFORNIA, A RAILROAD CORPORATION.

Case No. 1487.

Decided October 16, 1924.

BY THE COMMISSION.

**PRELIMINARY ORDER.**

At the hearing held on October 8, 1924, in the supplemental petition of defendants, filed September 29, 1924, in the above entitled proceeding, this Commission is requested, among other things, to grant to defendants, pursuant to section 51(a) of the Public Utilities Act by preliminary order, authority to abandon for operation purposes and to sell and convey, either as a whole or in separate parcels, that irregular-shaped parcel of real property at the southwesterly corner of Fourteenth and Franklin streets, more particularly bounded and described as follows:

Beginning at a point on the northwesterly line of Franklin street that is distant thereon 65 feet southwesterly from the southwesterly line of Fourteenth street; thence northeasterly along said northwesterly line of Franklin street 65 feet, to the southwesterly line of Fourteenth street; thence at a right angle northwesterly along the said southwesterly line of Fourteenth street 143 feet; thence southeasterly 40.45 feet to a point distant 23.4 feet measured at a right angle southwesterly from said southwesterly line of Fourteenth street; thence southeasterly in a straight line 117.6 feet to the point of beginning.

and as shown in green on Drawing East Bay Division, Drawing 3583, Case M-47 attached to the supplemental petition.

Testimony was introduced by the defendants to the effect that this piece of property is no longer necessary or useful as operative property and that the public service would not be prejudiced but would be better served by the removal of tracks from the property and by the sale thereof.

Defendants petitioned the Commission to make such preliminary order, irrespective of what is to be done with the other matters at issue in this proceeding. As both complainants and protestants in this proceeding agreed that the sale of this property was in the best interests of the public and the city of Oakland, and as it appears to the Commission that the making of such preliminary order will not interfere with or jeopardize the other issues before the Commission in this proceeding and that the request is just and reasonable and should be granted;

Now therefore, as a preliminary order in this proceeding and specifically declaring that such order shall not be construed as having any bearing on the other issues in this proceeding;

*It is hereby ordered*, that the defendants in this proceeding be and they are hereby granted authority under section 51(a) of the Public Utilities Act to abandon for operative purposes and to sell and convey, either as a whole or in separate parcels, their right, title and interest in that irregular-shaped parcel of real property at the southwesterly corner of Fourteenth and Franklin streets more particularly bounded and described as follows:



Beginning at a point on the northwesterly line of Franklin street that is distant thereon 65 feet southwesterly from the southwesterly line of Fourteenth street; thence northeasterly along said northwesterly line of Franklin street 65 feet, to the southwesterly line of Fourteenth street; thence at a right angle northwesterly along the said southwesterly line of Fourteenth street 143 feet; thence southeasterly 40.45 feet to a point distant 23.4 feet measured at a right angle southwesterly from said southwesterly line of Fourteenth street; thence southeasterly in a straight line 117.6 feet to the point of beginning.

This order shall take effect immediately.

Dated at San Francisco, California, this sixteenth day of October, 1924.

#### DECISION No. 14186.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF ITS SERIES "I" BONDS IN THE AMOUNT OF SIX MILLION DOLLARS PAR VALUE.

Application No. 10539.

Decided October 20, 1924.

*Paul Overton*, for Applicant.

BY THE COMMISSION.

#### OPINION.

Los Angeles Gas and Electric Corporation asks permission to issue and sell, at not less than 93 per cent of their face value plus accrued interest, \$6,000,000 of its Series "I" 5½ per cent general and refunding mortgage gold bonds due October 1, 1949, for the purposes hereinafter mentioned.

Applicant, in its Exhibit "C," reports its 1924 estimated expenditures for additions and extensions to its plants, properties and equipment as follows:

Gas works, including one 7 million cubic feet generator, one 1 million cubic feet per hour and two one-half million cubic feet per hour each compressors, one 10 million cubic feet holder and purchase of property and installation of foundation for another 10 million cubic feet holder for 1925, together with auxiliary equipment and buildings	\$1,675,000 00
New gas works, part payment on account purchase of site	160,000 00
Electric works, including one 17,500 kilowatt turbo-generator and auxiliary equipment, etc.	1,036,432 00
New electric works at Seal Beach, on which expenditures during 1924 will probably reach at least	2,700,000 00
Gas distributing system, including 250 miles commercial mains, 18 miles pressure mains, 32,000 gas services, 48,000 gas meters, 25,000 gas regulators	4,167,393 00
Electric distributing system, including 20,000 electric services, 24,000 electric meters	2,521,700 00
New general office building and equipment	1,700,000 00
Miscellaneous	333,830 00
Overhead expense	571,410 00
Grand total estimated net increase in capital accounts	\$14,865,825 00

The Commission has heretofore authorized applicant to issue bonds and stock to pay in part for the above estimated capital expenditures. From the bonds so authorized, applicant has realized \$4,577,421 and from the sale of stock, \$5,050,000, making a total of \$9,627,421. Applicant further reports that it intends to draw upon its surplus and depreciation reserve in the sum of \$1,408,404 to finance in part the above expenditures, leaving \$3,830,000 to be financed through the sale of the \$6,000,000 of bonds. If applicant receives 93 for its bonds, it will realize \$5,580,000. Deducting the \$3,830,000 from the \$5,580,000 leaves \$1,750,000 available to finance construction expenditures during 1925.

W. E. Houghton, applicant's controller, testified that the acquisition of the right of way for applicant's new electric plant at Seal Beach, the cost of constructing the transmission line, buildings, the first unit of the electric plant and appurtenances will cost approximately \$6,000,000. Only \$2,700,000 of such estimated cost is included in the company's 1924 estimated construction expenditures. The company is actively engaged in the construction of the new electric plant and it is estimated that the first unit will be in operation about July 1, 1925. The order herein will permit the company to use approximately \$1,750,000 obtained from the sale of the \$6,000,000 of bonds to pay in part 1925 expenditures because of the construction of the Seal Beach plant and appurtenances.

#### ORDER.

Los Angeles Gas and Electric Corporation having asked permission to issue \$6,000,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such bonds is reasonably required by applicant for the purpose or purposes specified herein, and that the expenditures for such purpose or purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, as follows:

1. Los Angeles Gas and Electric Corporation may issue and sell, on or before March 1, 1925, at not less than 93 per cent of their face value and accrued interest, \$6,000,000 of its Series "I" 5½ per cent general and refunding mortgage gold bonds due October 1, 1949. The accrued interest may be used for general corporate purposes. Of the remaining proceeds, approximately \$3,830,000 shall be used by applicant to pay in part the cost of the additions and extensions to plants, properties and equipment reported in Exhibit "C" filed in this proceeding; and approximately \$1,750,000 shall be used to pay in part construction expenditures incurred during 1925 on the company's new electric plant and appurtenances at Seal Beach.

2. Only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed or adopted by the Railroad Commission may be financed with the proceeds, other than the accrued interest, realized from the sale of the \$6,000,000 of bonds herein authorized to be issued.

3. Los Angeles Gas and Electric Corporation shall keep such record of the issue and sale of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$3,500.

Dated at San Francisco, California, this twentieth day of October, 1924.

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DECISION No. 14188.

IN THE MATTER OF THE APPLICATION OF THE HOME TELEPHONE COMPANY OF COVINA, A CORPORATION, FOR AN ORDER PERMITTING IT TO AUTHORIZE AND CREATE A BONDED INDEBTEDNESS OF SIX HUNDRED THOUSAND DOLLARS, AND AUTHORIZING THE ISSUE AND SALE OF SIXTY-FIVE THOUSAND DOLLARS PAR VALUE OF SAID BONDS, AND IN ADDITION THERETO, FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF CAPITAL STOCK OF THE PAR VALUE OF FIFTY-SEVEN THOUSAND FIVE HUNDRED FIFTY DOLLARS.

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Application No. 10176.

Decided October 21, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission, in its Decision No. 13763, dated July 1, 1924, in the above entitled application, recited that upon the receipt of a copy of a mortgage or deed of trust in form satisfactory to the Commission, together with a statement showing that the company has complied with the sinking fund provisions of its existing mortgage or deed of trust, a supplemental order will be entered authorizing the company to issue \$65,000 of general and refunding bonds and execute a mortgage or deed of trust to secure the payment of such bonds.

E. L. Clymer, assistant trust officer of the Title Insurance and Trust Company, has advised applicant that the trust company has on hand in applicant's sinking fund \$13,961.28 and a \$500 third liberty loan bond.

The company reports that it has complied with the sinking fund provisions of its existing mortgage or deed of trust. It has filed with

the Commission on October 15th a copy of its proposed mortgage or deed of trust to secure the payment of an authorized issue of \$600,000 general and refunding bonds payable September 1, 1953. Of this amount of bonds the company at this time asks permission to issue \$65,000. The bonds will bear interest at the rate of 6 per cent per annum.

The proposed mortgage or deed of trust filed by applicant is in satisfactory form. The Commission is of the opinion that the money, property or labor to be procured or paid for through the issue of the \$65,000 of bonds is reasonably required by applicant and that a further order should be entered in this proceeding; therefore,

*It is hereby ordered, as follows:*

1. The Home Telephone Company of Covina may execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed in this proceeding October 15, 1924, provided that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only, and is granted in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

2. The Home Telephone Company of Covina may issue and sell, at not less than 90 and accrued interest, on or before April 1, 1925, \$65,000 face value of its general and refunding 6 per cent bonds due September 1, 1953, and use the proceeds to pay the notes referred to in this application or for such other purposes as the Railroad Commission will authorize by supplemental order or orders.

3. Home Telephone Company of Covina shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$65.

Dated at San Francisco, California, this twenty-first day of October, 1924.

## DECISION No. 14190.

IN THE MATTER OF THE APPLICATION OF ONTARIO POWER COMPANY FOR AN ORDER AUTHORIZING A SURCHARGE OF TEN PER CENT.

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Application No. 10166.

Decided October 22, 1924.

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**RATES—ELECTRIC UTILITY—SURCHARGE.**—For the same reasons set forth in the Decision No. 14170, denying the application of the Southern California Edison Company for permission to collect a surcharge of 10 per cent on all schedules, the Commission denies the application in the present proceeding.

**DISSENTING OPINION.**—Commissioners Brundige and Martin dissent from the action of the majority commissioners for the same reasons stated in dissenting from Decision No. 14170.

*Glenn D. Smith*, for Applicant.

*J. J. Deuel*, for California Farm Bureau Federation.

*E. H. Jolliffe*, for City of Ontario.

BY THE COMMISSION.

**OPINION.**

In this application, as amended, Ontario Power Company, which supplies electricity for lighting, power and other purposes in the cities of Ontario and Upland and adjacent rural territory, asks authority to add a surcharge of 10 per cent to all bills based on meter readings taken after July 6, 1924, and before May 6, 1925.

A public hearing was held at Ontario on July 15, 1924, at which the company introduced evidence to show that the output of its hydro-electric plants on San Antonio Creek would be greatly reduced as a result of drought and low stream flow, and that the consequent increase in operating expenses through the purchase of an unusual amount of energy would seriously affect its net revenue for the year. An examination of the company's figures has been made, from which it appears that the company has probably overestimated the demands which will be made upon it for energy during the year, and that certain other slight modifications should reasonably be made in the company's estimates for 1924. It further appears that some reduction should be made in the depreciation allowance charged to operating expenses. Depreciation is allowed for on the sinking fund basis, and only the annuity should be included in operating expenses. The interest on the accumulated reserve must come out of the fair return earned on the property in which the reserve is invested. A comparison of the actual operations of 1923 with the figures of the company and of those considered reasonable for 1924 is shown in the following table:

**Operating Revenues and Expenses of Ontario Power Company.**

Actual for 1923 and as estimated for 1924.

	1923	Company's estimate 1924	Estimated as reasonable
Gross revenue -----	\$344,739 00	\$408,375 00	\$413,295 00
Operating expense—			
Operating costs -----	90,008 00	100,775 00	101,540 00
Taxes -----	29,354 00	36,750 00	36,750 00
Depreciation -----	31,200 00	36,000 00	26,000 00
Purchased power -----	95,697 00	194,290 00	190,500 00
Total operating expenses	<u>\$246,259 00</u>	<u>\$367,815 00</u>	<u>\$354,790 00</u>
Net revenue -----	\$98,480 00	\$40,560 00	\$58,505 00

Ontario Power Company has presented a statement of investment in properties which may be accepted for the purposes of this decision only. This statement shows a total investment of \$1,227,000 for 1924. The probable net revenue for the year 1924, as shown in the previous table, of \$58,505, would result in a return on this investment of about 4.8 per cent.

In Decision No. 14170, dated October 11, 1924, the Commission made its findings in the application of the Southern California Edison Company for authority to increase its rates, Application No. 10143, concluding that, although the Edison Company's earnings during the present year will be only approximately 4.8 per cent, this year should be considered with other years in determining the average condition on which rates are to be based, and that, in view of all circumstances and conditions existing, no increase in rates should be granted to Southern California Edison Company at the present time.

After considering the evidence in this proceeding, it appears that the net earnings of the Ontario Power Company for the year 1924 will be approximately 4.8 per cent; that the effect of the drought of this year on the company and its consumers is, in general, the same as on the Edison Company and its consumers; that, although this utility is much smaller, it is in a reasonably sound condition, and that the two utilities are serving adjacent and comparable territory. We, therefore, find that the Ontario Power Company is not entitled to an increase in rates in view of all the evidence before us.

**ORDER.**

Ontario Power Company having applied to this Commission for an order authorizing a surcharge of 10 per cent on its electric rates, a public hearing having been held and the matter submitted, and the

Railroad Commission being of the opinion that the authority applied for should not be granted;

*It is hereby ordered*, that the application of the Ontario Power Company be and it is hereby denied.

Dated at San Francisco, California, this twenty-second day of October, 1924.

C. L. SEAVEY,  
EGERTON SHORE,  
J. T. WHITTLESEY,  
*Commissioners.*

#### DISSENTING OPINION.

In this proceeding, as in the proceeding involving the rates of the Southern California Edison Company, Application No. 10143, Decision No. 14170, it appears that there is no general difference of opinion between ourselves and the majority of the Commission relative to the facts regarding the earnings of applicant.

It is apparent that the Ontario Power Company will, under the conditions of a very extreme dry year, earn approximately 4.8 per cent on its investment. The company has been required to expend large amounts of money in purchasing power to meet the deficiency on its own system and has met to the limit of its ability the abnormal demand for service put upon it by its consumers.

The conditions are similar in many respects to those existing in the case of the Southern California Edison Company, and we believe the same principles should apply to this case as are set forth in our dissenting opinion in Decision No. 14170. For the same reasons as were set forth in that decision, we dissent from the conclusions contained in the majority opinion in this proceeding.

Dated at San Francisco, California, this twenty-second day of October, 1924.

H. W. BRUNDIGE,  
IRVING MARTIN,  
*Commissioners.*

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#### DECISION No. 14200.

CITY OF MANTECA, SAN JOAQUIN COUNTY, STATE OF CALIFORNIA, A  
MUNICIPAL CORPORATION,

*vs.*

MANTECA WATER WORKS, A PUBLIC SERVICE CORPORATION.

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Case No. 2024.

Decided October 24, 1924.

**RATES—WATER UTILITY—OBLIGATION TO MAINTAIN SERVICE.**—The fact that the voters declined to authorize bonds for a municipal service placed upon them the obligation to maintain the existing system, as well as placing the obligation upon that system of maintaining adequate service.

**WASTEFUL USE OF WATER.**—Metering of entire system urged to discourage wasteful use on flat rates, and low meter rates established to encourage proper use.

*J. R. Scott, for City of Manteca.*

*Guard C. Darrah, for Manteca Water Works.*

**MARTIN, Commissioner.**

#### OPINION.

In this proceeding the city of Manteca, a municipal corporation, makes complaint against the reasonableness of the rates and practices of Manteca Water Works, a public utility corporation which is engaged in the distribution and sale of water in the municipality.

The complaint alleges in effect that prior to February, 1921, all consumers were supplied and charged on a flat rate schedule, and that since that date 65 per cent of the consumers have been changed to a meter rate, causing excessive charges for the service rendered and a general decrease in the use of water. As a result of these conditions, it is alleged, lawns and gardens have been abandoned, unsanitary conditions prevail, and private water systems have been installed by many of the consumers, with a consequent loss in revenue to the utility, which if continued will result in greater charges to the remaining consumers. The present schedule of meter rates is declared to be discriminatory, unreasonable and excessive, and it is contended that the utility, through the operation of the present meter and flat rate schedule, has earned a net revenue which produces a return of more than 8 per cent upon the capital invested. The Commission is therefore asked to establish a schedule of reasonable meter rates and to readjust the schedule of flat rates, and to grant such other and further relief as conditions may warrant.

The Manteca Water Works in its answer makes a general denial of the allegations contained in the complaint.

A public hearing in this proceeding was held at Manteca September 24, 1924, after all interested parties had been duly notified and given an opportunity to appear and be heard.

The utility has been before the Commission in a number of previous proceedings, the most recent ones being an application wherein the present rates were established on February 21, 1921; and an application on the part of the city of Manteca for the fixing of the just compensation to be paid for the water system owned by defendant, which was decided March 2, 1923. Subsequent to the determination of just compensation to be paid for the property of Manteca Water Works, the city did not proceed with the purchase, and the defendant herein has continued to operate the plant.



The rates at present in effect are as follows:

#### MONTHLY METER RATES.

Readiness-to-serve charge, to apply on all metered services:

$\frac{5}{8}$ and $\frac{3}{4}$ -inch meters-----	\$0 50
1- inch meter-----	75
1½-inch meter-----	1 00
2- inch meter-----	1 50
4- inch meter-----	4 00

Quantity charges:

From 0 to 500 cubic feet, per 100 cubic feet-----	\$0 30
From 500 to 3000 cubic feet, per 100 cubic feet-----	25
Over 3000 cubic feet, per 100 cubic feet-----	20
For street sprinkling and sewer flushing, per 100 cubic feet-----	15

(Quantity charges herein provided shall be in addition to the readiness-to-serve charges.)

Metered rates will take the following deductions when water is used in the quantities indicated below:

From 100,000 to 200,000 cubic feet-----	15 per cent
From 200,000 to 300,000 cubic feet-----	20 per cent
From 300,000 to 500,000 cubic feet-----	25 per cent

#### MONTHLY FLAT RATES.

Minimum -----	\$1 50
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(Additional charges are made according to the facilities installed and classification of premises.)

This water system consists of three wells which are pumped by two automatically controlled, electrically driven pumps, and a third pump operated by an oil engine. The total installation is 115 horsepower, which gives ample reserve capacity to provide for peak demands and for fire protection service. Water pumped from the wells is elevated to a 50,000-gallon storage tank on an 80-foot steel tower, from which it is distributed to approximately 410 consumers through 8.6 miles of distribution mains of adequate capacity to render efficient service to the community. Fire protection is had by the city through twenty-two fire hydrants attached to large capacity mains. Of the total number of consumers served, approximately 56 per cent are metered.

John Spencer, one of the Commission's hydraulic engineers, submitted a report at the hearing which contained a detailed appraisal showing an estimated original cost of the water system amounting to \$66,035, and a depreciation annuity computed by the 6 per cent sinking fund method of \$1,131. This report also showed an estimate of reasonable maintenance and operation expense for the immediate future amounting to \$7,135 per annum, which was \$3,200 less than that reported by the utility in its annual report to the Commission for the year 1923. This difference is largely accounted for through the elimination by the Commission's engineer of certain salaries of general officers.

If the reductions recommended by the engineer were applied to the 1923 operations of the company, the result would be as follows:

Revenues -----	\$13,171 00
Expenses:	
Maintenance and operation -----	\$7,135
Depreciation annuity -----	1,131
Total expense -----	8,266 00
Available for return upon the investment -----	\$4,905 00

After applying the recommended reductions the net return on the investment of \$66,035, is 7.4 per cent, which return can not be considered excessive. Based upon operating expense as shown in the company's annual report to the Commission for the year 1923, the rate of return would be 0.9 per cent upon an investment of \$66,035.

Several consumers of the utility testified to the disparity between the bills computed in accordance with the flat rate schedule and the charges now made under metered rates. It was maintained that the latter charges were excessive and much greater than former bills for flat rate service. It was asserted that should the Commission grant no relief, consumers would be compelled to drill wells, install private water systems, and discontinue entirely the utility service. Such action has been taken by about fifteen former consumers subsequent to the change from a flat to a metered schedule. The claim was made that the continued installation of private water plants would result in a material reduction in the utility's revenues and have a detrimental effect upon the entire community.

Bills for metered service were introduced which indicated a use of from 600 to 1300 gallons of water per day per consumer for an average family residence, with lawn and garden. These figures show clearly that water has been used freely if not extravagantly. It is evident, if water is used so freely under a schedule of metered rates, that the use would be even more extensive and extravagant under a flat rate schedule, and when the earnings for the different classes of service are analyzed it becomes evident that the flat rate schedule should be adjusted to conform more nearly with the quantity of water used.

Defendant declared its intention to continue the metering of the system, and it is apparent that this work should be completed as soon as the finances of the utility will permit, as only then will the most economical operation of the system be possible. Wasteful and extravagant use of water will be reduced, the bills for service rendered will gradually decrease, and charges for service will become more uniform.

It appears necessary that the rates for measured service be adjusted and that the application of the new rates will so appeal to the consumers

that the installation of private water supply systems will be checked. If this result be not attained and should private plants continue to be installed, the time must arrive inevitably when the revenues of the utility will diminish until the system can be operated only at a loss. A number of items of operating expense are fixed regardless of the amount of water pumped, and a material increase in water use will only slightly increase operating expenses. It is evident that any form of rate which will promote an increase in water use by consumers will promote the best interests of both the utility and its patrons.

Defendant presented evidence tending to show that some units of its plant were used exclusively for fire protection service to the municipality, and that certain requirements had been exacted of it by the city as to this class of service which would justify an increase in the charges therefor of 300 per cent. No complaint is made by the city as to any inadequacy in the fire protection service rendered. The contentions of defendant as to the required increases can not be accepted but there is justification for some adjustment in charges.

Attention is called to the fact that when the voters of the city of Manteca decided it was undesirable to issue bonds for the purpose of purchasing the plant of Manteca Water Works, that company was left with the obligation to continue the furnishing of adequate water service to the inhabitants of the city; and the citizens upon the other hand accepted the implied obligation of paying reasonable charges for the service rendered. A water system is necessary to the welfare of a community and if not publicly owned the utility furnishing the service must be reasonably compensated. Should the revenues of the utility be allowed to diminish through the establishment of private water plants, which perhaps can not be operated as cheaply, when all elements of cost are considered, as water can be purchased from the utility, it is evident that adequate service for domestic or fire protection purposes can not be maintained and the welfare of the entire community will be affected adversely.

At the present time there is no way of determining how much water is delivered into the system, and at the first favorable opportunity measuring devices should be installed so that the quantity of water pumped may be ascertained.

The following form of order is submitted:

#### **ORDER.**

City of Manteca, a municipal corporation, having made formal complaint as outlined in the preceding opinion, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully informed in the premises:

It is hereby found as a fact that the rates now charged by Manteca Water Works, a corporation, for service rendered to consumers in the city of Manteca, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion preceding this order;

*It is hereby ordered*, that Manteca Water Works, a corporation, be and it is hereby authorized to file with this Commission on or before October 31st the following schedule of rates to be charged for all service rendered subsequent to October 31, 1924:

#### FLAT RATE SCHEDULE.

	Per month
1. Residences, boarding and/or lodging houses, apartments, flats, of five rooms or less.....	\$1 25
For each additional room.....	10
Additional for each bath tub.....	25
Additional for each toilet.....	25
Additional for each private garage with one automobile.....	20
Additional for each automobile over one.....	10
Additional for private barn and one horse or cow.....	20
Additional for each animal over one.....	10
2. (a) Irrigation of lawns, shrubbery, gardens, etc., either public or private, when taken continuously throughout year, per square yard.....	003
(b) Irrigation as in 2 (a) when not taken continuously throughout the year, per square yard.....	007
3. For blacksmith, machine, wagon or repair shops, warehouses, drug and grocery stores, banks, billiard parlors.....	2 00
4. Photographic studios, restaurants, large stores, ice cream parlors and soft drink establishments.....	2 50
5. Professional offices, fraternal halls, club rooms, churches, small shops and stores, soda fountains in connection with other business.....	1 50
6. Barber shops, one chair.....	1 50
For each additional chair.....	75
7. Livery or feed yards, per average number of head of stock.....	25
For private barns in connection with stores, shops, etc., per animal.....	20
For private garages in connection with stores, shops, etc., for each car or truck.....	20
8. Additional for each bath tub, toilet or urinal in Nos. 3 to 7 inclusive..	25
9. Fire hydrant, Corey or Greenberg type, each.....	3 00
Fire hydrant, wharf type.....	2 50
10. Minimum charge for each service connection.....	1 25

#### MEASURED RATE SCHEDULE.

##### Monthly minimum charges—

8-inch meter.....	\$1 50
7-inch meter.....	2 00
1-inch meter.....	3 00
1½-inch meter.....	6 00
2-inch meter.....	9 00
3-inch meter.....	18 00
4-inch meter.....	28 00

Each of the foregoing monthly minimum charges shall entitle the consumer to the quantity of water which that amount of money will purchase at the following "monthly meter rates."

## Monthly quantity charges —

From 0 to 500 cubic feet, per 100 cubic feet.....	\$0 30
From 500 to 3000 cubic feet, per 100 cubic feet.....	25
From 3000 to 100,000 cubic feet, per 100 cubic feet.....	20
Over 100,000 cubic feet, per 100 cubic feet.....	15

Municipal uses for street and sewer maintenance at regular meter rates. Only one minimum will be applied.

The effective date of this order is hereby fixed as October 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fourth day of October, 1924.

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DECISION No. 14212.

IN THE MATTER OF THE APPLICATION OF UNITED STAGES, A CORPORATION, FOR PERMISSION TO REISSUE TREASURY STOCK.

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Application No. 10545.

Decided October 27, 1924.

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BY THE COMMISSION.

**ORDER.**

United Stages, Incorporated, asks permission to issue \$5,490 of common stock at par to reimburse its treasury because of earnings expended for the acquisition of stage equipment and other properties. The company reports that the stock which it now asks permission to issue has heretofore been issued and was repurchased from time to time by the corporation from various stockholders and has since such repurchase been carried on the company's books as treasury stock. As of September 30th the company reports a surplus of \$50,897.52. Examination of the company's records shows that the company has expended out of earnings for stage equipment and other properties an amount in excess of the amount of stock which it asks permission to issue. The Commission is of the opinion that this is not a matter in which a public hearing is necessary and that the money, property or labor to be procured or paid for by the issue of the \$5,490 of stock is reasonably required by applicant and that this application should be granted as herein provided; therefore

*It is hereby ordered*, that the United Stages, Incorporated, be and it is hereby authorized to issue at not less than par on or before December 15, 1924, \$5,490 of its common capital stock for the purpose of reimbursing its treasury because of earnings expended for stage equipment and other properties.

The authority herein granted is subject to further conditions as follows:

1. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twenty-seventh day of October, 1924.

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DECISION No. 14213.

IN THE MATTER OF THE APPLICATION OF SAN JOSE WATER WORKS  
FOR AUTHORITY TO INCREASE RATES.

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Application No. 9579.

Decided October 28, 1924.

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**RATES—WATER UTILITY—ECONOMICAL MANAGEMENT.**—The utility, having shown a return of 2.94 per cent on a tentative rate base of \$3,134,395, is entitled to an increase of rates. The city of San Jose having contended that by reason of its economical management and methods of financing itself the utility is not entitled to the same rate of return as those utilities whose costs of financing have been relatively much higher, the Commission held that to penalize a public utility for efficiency and economy in management and operation could result only in placing a premium upon extravagance.

*McCutchen, Olney, Mannon and Green*, by *Allan P. Matthew* and *Leib and Leib*, for Applicant.

*Archer Bowden*, City Attorney, and *C. B. Goodwin*, City Manager, for City of San Jose, Protestant.

*WHITTLESEY*, Commissioner.

**OPINION.**

The San Jose Water Works, a corporation, is a public utility engaged in the business of supplying water for domestic, commercial and municipal purposes to consumers in the city of San Jose, the towns of Los Gatos and Saratoga and adjacent territory in Santa Clara County. The application in this proceeding alleges that by reason of the great decrease in the purchasing power of money and the increased cost of operation since the present schedule of rates became effective, the earnings derived for water service are now, and for a long time past have been, insufficient to yield to applicant a just and reasonable return upon the value of its used and useful properties. Therefore, the Railroad Commission is asked to authorize an increased schedule of rates which will yield a just and reasonable return upon the value of its properties.

Public hearings in this matter were held in San Jose after all inter-

ested parties were duly notified and given an opportunity to be present and be heard.

The rate schedules now in effect on this system have been fixed by this Commission in four separate proceedings. The rates for the city of San Jose and vicinity were established May 22, 1914, in Decision No. 1534, Case No. 476. The same rates were also charged in Saratoga. With the exception of a slight modification in the charge for fire hydrant service, the above schedule was made applicable to the Los Gatos district by Decision No. 2654, in Application No. 1414, decided August 2, 1915. Rates for the so-called High Line district, between Los Gatos and Saratoga, were fixed November 27, 1917, in Decision No. 4900, Application No. 2892. The rates in effect in the Vineland district, also called the San Tomas division, were established May 29, 1923, by Decision No. 12154, in Application No. 8917.

The present rate schedules are in part as follows:

*San Jose, Los Gatos and Saratoga Division.*

Meter rates—

Monthly minimum for 4,000 gallons, or less.....	\$0 90
4,000 gallons to 10,000 gallons, per 1,000 gallons.....	20
10,000 gallons to 100,000 gallons, per 1,000 gallons.....	15
Over 100,000 gallons, per 1,000 gallons.....	12

County and municipal use—

Schools, buildings, etc., at regular meter rates.....	
Sewer flushing, park and lawn irrigation, Monthly minimum.....	90
All water used, per 1,000 gallons.....	12
Street sprinkling, per 1,000 gallons.....	12
Fire hydrants owned by city, per month (San Jose Division).....	1 75
Fire hydrants owned by Water Company, per month (San Jose Division).....	2 25
Fire hydrants owned by Water Company, per month (Los Gatos Division).....	1 75

Monthly flat rates—

Dwelling houses.....	\$0 45 to 1 10
Toilets in private homes.....	40 to 50
Bath tubs in private homes.....	15

*High Line Division.*

Meter rates—

Monthly minimum 3,000 gallons, or less.....	\$1 00
3,000 gallons to 10,000 gallons, per 1,000 gallons.....	25
10,000 gallons to 100,000 gallons, per 1,000 gallons.....	20
Above 100,000 gallons, per 1,000 gallons.....	15

*San Tomas Division.*

Meter rates—

Monthly minimum $\frac{3}{4}$ " meter.....	\$1 50
0 to 600 cubic feet, per 100 cubic feet.....	25
600 to 1,000 cubic feet, per 100 cubic feet.....	20
1,000 to 10,000 cubic feet, per 100 cubic feet.....	15
All over 10,000 cubic feet, per 100 cubic feet.....	12

The above-mentioned decisions of the Commission have contained a complete description of the system and the methods of operation. It is therefore unnecessary to go into these matters further than to state that

on December 31, 1923, there were 16,009 active services on the entire system, of which 92 per cent were metered.

W. L. Atkinson and Edward G. Angel, acting on behalf of the applicant, appraised the present market value of the lands and rights of way belonging to the company at \$651,389.

E. P. McAuliffe, Commission's land expert, submitted a report prepared by himself and H. R. Robbins, assistant engineer, appraising the present market value of the lands and rights of way owned by the San Jose Water Works at \$533,836, as of December 31, 1923. This amount was segregated into \$506,528 for fee lands and \$27,308 for rights of way.

F. C. Hermann, consulting civil engineer, acting on behalf of the San Jose Water Works, presented a report in which he estimated the present market value of its water rights and riparian rights, exclusive of rights to underground waters, to be about \$240,000.

George A. Elliott, consulting engineer for the applicant, submitted a report in which he found the present value of the physical properties, exclusive of lands, rights of way, water rights and other intangible values, as of December 31, 1923, to be \$3,581,933. This valuation was based upon an alleged reproduction cost, over a two and one-half year construction period, less accrued depreciation calculated by the sinking fund method at 5 per cent, and includes all physical structures and equipment owned by the company, including certain nonoperative property.

Joseph R. Ryland, president of the San Jose Water Works, presented a report setting forth the sum of \$3,570,444 as the historical book cost of the physical properties, lands, rights of way and water rights, as of December 31, 1923. This total was made up as follows:

Physical structures	\$3,103,712 00
Lands	325,011 00
Rights of way	28,061 00
Water rights	113,660 00
	<hr/>
	\$3,570,444 00

This, according to the applicant, represents the undepreciated value of the various structures, lands and water rights as found by the Commission in Case No. 476, to which has been added the book cost of additions and betterments with the corresponding deductions for the sales of land and for retirements of other property.

A report, submitted by M. R. MacKall and M. I. Reed, assistant hydraulic engineers of this Commission, gave the estimated original cost of the operative properties, exclusive of lands, rights of way and water rights, as of December 31, 1923, as \$2,814,991; a depreciation annuity calculated by the sinking fund method at 6 per cent was shown as \$33,449; and the estimated amount, which would have been accumulated



in the sinking fund had the depreciation annuity been compounded annually at 6 per cent, was found to be \$445,154. The net additions to capital from December 31, 1923, to June 30, 1924, amounted to \$274,684 with a corresponding depreciation annuity of \$4,120.

A summary of the various appraisals presented is set out below :

**Lands.**

Present market value as of December 31, 1923.

By Atkinson and Angel, for applicant-----	\$651,389 00
By McAuliffe and Robbins for Commission-----	522,836 00

**Water rights.**

Present market value as of December 31, 1923.

By Hermann, for applicant-----	240,000 00
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**Physical properties.**

Reproduction cost less depreciation as of December 31, 1923.

By Elliott, for applicant-----	3,581,933 00
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**Historical book cost.**

As of December 31, 1923.

By Ryland, for applicant.

Physical properties-----	\$3,103,712 00
Lands-----	325,011 00
Rights of way-----	28,061 00
Water rights-----	113,000 00

Total-----	3,570,444 00
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**By MacKall and Reed for Commission.**

**Estimated original cost :**

Physical properties December 31, 1923-----	2,814,991 00
Depreciation annuity-----	33,449 00
Sinking fund accumulation-----	445,154 00

**Net additions and betterments :**

December 31, 1923, to June 30, 1924-----	274,684 00
Depreciation annuity on the above, net-----	4,120 00
Total physical properties as of June 30, 1924-----	3,089,675 00
Depreciation annuity on used and useful properties as of June 30, 1924-----	37,569 00
Sinking fund accumulation, June 30, 1924-----	445,154 00

There are no material differences in the various appraisals of the physical properties submitted in this case. There is no disagreement in the matter of the net additions and betterments to capital of \$274,684 for the first six months of 1924. When the deductions are made for equivalent nonoperative properties the historical, or book cost, of the physical property submitted by Ryland agrees very closely with the estimated original cost of \$2,814,991 presented by MacKall and Reed of the Commission. After making due allowance for nonoperative property and reconciling the results obtained by reason of the different methods used in determining the amount of paving over mains and services, the reproduction cost, less depreciation, of the physical properties submitted by G. A. Elliott is approximately 14 per cent greater than the estimated original cost found in the report of the Commission's

engineers. Giving due consideration to the methods of valuation it is apparent that there is no great disagreement in the appraisals of value of the physical properties and structures.

The appraisement of the lands and rights of way presented by Atkinson and Angel was \$651,389, and that of McAuliffe and Robbins \$533,836, a difference of \$117,553. This apparently can be attributed only to an honest difference in judgment, the engineers for the Commission being influenced, perhaps, to a somewhat greater degree by the recent sales of real property in the immediate vicinity. Both figures set out above, it should be noted here, comprise all of the real estate owned by the company with no deductions for such parts or parcels of land or rights of way as no longer may be used and useful, or reasonably necessary for the company in the conduct of its public utility business.

While not denying that the watershed lands owned by the company have some value which may properly be made a part of the rate base in this instance, Archer Bowden, city attorney, takes the position that the applicant owns not more than 15 per cent of the total Los Gatos Creek watershed lands above the points of diversion and therefore the resultant value to the water system is seriously diminished because the company does not own sufficient land to properly safeguard and adequately protect the purity of supply. In addition to this the city maintains that the general character of the watershed lands is the same, whether belonging to the company or not, so that ownership is not essential to protect the stream flow through prevention of denuding the land of timber and other vegetation.

In this regard the Commission in its decision in the former Case No. 476 says:

Assuming that these lands do have a value for the purpose of protecting the purity of the water, it is well to point out that inasmuch as the entire flow is not protected by ownership of lands, the value of the protection will thereby be minimized. Besides in other localities it has been found possible to protect the supply of water by filtering, and it is interesting to compare the conditions that exist where unprotected water is rendered pure by filtration so as to estimate the real value of the protection based upon the cost of an alternative method for such protection.

Mr. Allan Matthew, counsel for applicant, contends that the company was forced to purchase and in good faith did purchase these watershed lands years ago at a time when no other methods of protection against contamination were either possible or known and that, while at the present time pollution of waters may be neutralized by proper treatment, it is nevertheless still highly desirable to preserve the initial purity of the source of water supply where economically possible. Only sufficient land has been acquired to insure safe control of the streams through ownership of the entire stream bed, the most vital of the riparian lands and a considerable proportion of the upper watershed.

The record shows that the entire watershed lands now owned by the San Jose Water Works in the Los Gatos Creek area amounts to 5860 acres, which is a substantial land holding in view of the fact that a considerable amount of the water supply has been developed from wells.

Considerable controversy developed over the possibility of duplication of values in water rights and watershed lands. According to the best evidence available, the cost to the company of acquiring its present water rights and riparian rights, exclusive of watershed lands, has been \$113,660. The company claims that the present market value of these rights, as given in the report of Mr. Hermann, is \$240,000.

The city contended that through ownership of watershed lands and by the purchase of the riparian rights below points of diversion to the extent of the normal low flow of the creek, the applicant has extinguished all antagonistic diversions; there being then no such rights outstanding, other than those belonging to the applicant, there can be no value at all to the rights of appropriation not represented in these lower riparian rights and the watershed land values. The city contends further that as the lands in the watershed have been valued for summer home purposes and for other uses to which such lands were most adaptable, which included the right to use the waters from the streams for ordinary purposes, as well as the right to dispose of sewage in the manner customary in such places, and as the value of the water rights was made, assuming the prohibition of these privileges of use and occupation there is then to that extent, a duplication of values. In summing up this position of the city, Mr. Bowden says, "If they are entitled to summer home prices upon these lands, they are not entitled to water supply prices upon their water."

That the Commission in its former rate proceeding with this company was inclined toward this view is shown by the following extract from the opinion of Commissioner Eshelman in Case No. 476:

In other words, if the water is worth \$225,000, and the land in the Los Gatos water shed is necessary to this water supply, then the value of the land is included in the value of the water, and when we value the water and the land separately, we have a duplication. \* \* \*

In my opinion, it is impossible to determine what part any of the elements play in producing a supply of water. Admittedly, the water right originally had to be purchased away from this land or the company could not own it. And when, by purchasing the land, the company secures the water, it has, by this one act of purchase, received both the water right and the land itself. Not only do I consider that there is very substantial duplication produced when we value this land and these water rights separately, but I likewise believe that if the lands were sold off with the right to use the water reserved to the owners of this water system, a very substantial effect would inevitably result upon the market value of the lands themselves. My opinion is that when you buy land which is riparian or otherwise water-bearing, the price which you pay for the land itself as much covers the water as it does the timber or anything else annexed to the realty. This is well known and recognized everywhere, in that land with water has an enhanced value over land without water, and I very much doubt if the summer home owner in the Santa Cruz mountains would give a very substantial price for a summer home in Los Gatos Canyon if the land in such site were denuded entirely of all water rights.

Mr. Matthew urges in behalf of the company that the ownership of watershed lands and riparian lands above the points of diversion give the owner thereof the power to conserve the runoff of the catchment area through the control of the timber growth and vegetation and to that extent insure regulation of the low summer flow of the streams; at the same time there exists the power to protect the purity of the supply against contamination and pollution at its source. For these necessary lands the owner is entitled to the fair market value, which value in all justice can not reasonably be diminished, because of the restrictions imposed thereon through the dedication of such lands to the public use. In other words, the position of counsel for the applicant is that the dedication of lands to public use does not, by virtue of that act, diminish the value of such lands to the extent of the limitations and restrictions imposed thereon and bar the owner of such lands from the right to appraisalment at the fair market value.

Counsel explains further that the ownership of watershed lands and lands riparian to streams carries with it solely the right to divert the water from such streams for the beneficial use upon the riparian lands and no others; that in order to remove the water and export it for uses beyond the riparian lands, the additional and entirely distinct right thus to appropriate these waters must first be acquired. In this case, the rights of appropriation have been acquired by proscription through well known open and long continuous users for a great many years and also by the extinction of conflicting riparian rights below the points of diversion. "When," says Mr. Matthew, "we are valuing watershed lands in the first instance and, in the second place, the right to divert the waters from an actual water course for use beyond the riparian land, there is no duplication whatever."

There is without doubt a value in watershed lands, a value in riparian rights and a value in the right of appropriation, and there is a definite distinction between these several elements. However, it does not appear necessary in this proceeding involving rates to determine definitely the value of these water rights.

Mr. Ryland presented an estimate of the maintenance and operating expenses for 1924 of \$290,470 including an estimate of \$42,944 for depreciation. This amount included \$68,363 for pumping expenses for the year which by an alternative method was estimated to be not less than \$58,621. No allowance, however, was made for the expense of conducting the present proceeding before the Railroad Commission.

An estimate of the average future operating costs for the next three years was also submitted by Mr. Ryland and amounted to \$250,864, exclusive of depreciation.

The investigation of the accounts and records of this company as set

out in the report of the Commission's engineers shows that the revenues and operating expenses from 1921 to June 30, 1924, have been as follows:

	1921	1922	1923	Jan. 1, to June 30, 1924
Revenues receivable.....	\$293,295	\$306,981	\$325,813	\$168,141
Operating expenses, less depreciation..	161,668	167,762	199,133	129,867

The costs of operation and maintenance, exclusive of depreciation for the immediate future, were estimated in this report to be \$232,950. This estimate gives a considerable increase over the actual expenses for the preceding years as set out above. This is in part attributable to the natural growth of the business but principally to the very large expense involved in changing, lowering and replacing mains, services and meters entailed by reason of the extensive paving program being carried on by the city of San Jose and the county of Santa Clara in territory served by this company, to the additional burden of emergency pumping with the resulting increase in repairs to pumping equipment necessitated by the extreme dry year and the failure of the gravity supply to fill the storage reservoirs, and also to expenses incurred in the preparation and presentation of this case before the Commission. The evidence shows that in order to avert a serious shortage of water it was necessary to install facilities to supply water to the towns of Los Gatos, Saratoga and the adjacent territory by pumping from the wells in San Jose, whereas in years of normal operation this entire district is supplied by gravity with some excess available for use in San Jose. Although consideration was given by the Commission's engineers to those items of expense which analysis of the operating conditions demonstrates should not reasonably recur annually, and provision was accordingly made to spread such expenses over a period of years, so great has been this additional burden that the result is nevertheless a substantial increase over the cost of operation during the preceding years.

Exception was taken by the city attorney to the estimate of future operation expenses in this report as being excessively high throughout and particularly unreasonable as to the amounts assigned therein for the costs of pumping and for transmission and distribution main expenses as influenced by paving operations. As the year 1924 will be characterized by abnormally heavy operating expenses, the city apparently advocates that any estimate of the future costs of operation should wholly disregard 1924 expenses and should be based upon the average operating costs of the years 1921, 1922 and 1923.

Randall Ellis, as consulting engineer for the city of San Jose in this proceeding, presented a tabulation in which the operating expenses for the past three years were compared upon a percentage basis, item for item, with the estimate of the future expenses shown in the report of

the engineers of the Commission. While this comparison showed certain items to have been increased by a greater percentage than others, it is significant that this exhibit showed the total estimated future operating expenses to be but 18 per cent higher than the expenses of the year 1923. It should be pointed out that this increase must take care of the natural growth of the business, and a reasonable proportion of the abnormal expenses already incurred and to be incurred during the last six months of 1924.

Obviously it would be unfair to disregard the abnormal expenses to which this company, through no fault of its own, has been put by reason of paving operations, the present rate proceeding and the additional costs incurred through emergency pumping. It is a matter of common knowledge that the entire state has this year experienced the driest year in its history.

The evidence indicates that the allowances for paving as reflected in the various items of expenses in the report of the engineers for the Commission are somewhat greater than the uncertainties of the future warrant, and in establishing a schedule of rates the Commission will carefully consider all elements which may reasonably be expected to affect the operating and maintenance expenses during a normal year, together with the abnormal expenses to which the utility has been subjected during the few years in the immediate past.

The results of operation for the year 1923 as set out in the report of the engineers of the Commission indicate that the company had available for return the sum of \$93,231, which is the equivalent of a return of 2.94 per cent upon a tentative rate base of \$3,134,395. This was determined as follows:

In Case No. 476, the Commission stated that \$200,000 represented a liberal allowance for the original cost to the company of all lands and water rights and by a substitutional method found their value to be \$307,329, as of December 31, 1913.

Approximate actual cost of lands, rights of way and water rights	
Case No. 476, December 31, 1913.....	\$200,000 00
Net additions, actual cost, December 31, 1913, to December 31, 1923.....	119,404 00
Physical property as of December 31, 1923.....	2,814,991 00
Tentative rate base December 31, 1923.....	\$3,134,395 00
Maintenance and operating expense, 1923.....	\$199,133 00
Depreciation annuity.....	33,449 00
Total expense.....	\$232,582 00
Revenues for 1923.....	\$325,813 00
Total expense.....	232,582 00
Available for return.....	\$93,231 00

This is equivalent to a return of 2.94 per cent upon a tentative rate base of \$3,134,395.

The rate base used above has been predicated throughout upon the original cost to the company and represents, therefore, the extreme minimum value for rate making purposes under present price conditions of the property of this company devoted to public use. The substitution of any of the other appraisements submitted in this case, which have been and must be given their proper consideration, will result in reducing the rate of return below 2.94 per cent. After making allowance for the additions and betterments to capital for the first six months of 1924, with the corresponding increase in the depreciation charges, and making provision for working capital and after the necessary consideration is given to the increased cost of future operation and maintenance, some of which were not included in the results of operations for 1923, as set out above, it must be apparent that the applicant herein is entitled to and must be given a substantial increase in rates.

This opinion would be incomplete if reference were not made to the contention of the city of San Jose to the effect that by reason of the conservative methods of financing and the economical policies of management and operation which has always characterized this utility, it is not entitled to the same rate of return upon its investments as those utilities whose costs of financing have been relatively much greater. This company has consistently financed its projects through the issue of common stock and has never secured money by means of bond issues. The evidence throughout this proceeding as well as the former matters before this Commission show conclusively that the management and operation of the San Jose Water Works has always been conducted in an economical and efficient manner, and it should be pointed out at this time that the salaries and wages paid to the officers and employees of this company in several instances have been maintained at the minimum amounts for the character of service performed. Attention is invited to the provisions of the Public Utilities Act, section 20, which are as follows:

Section 20. Nothing in this act shall be taken to prohibit any public utility from itself profiting, to the extent permitted by the Commission, from any economies, efficiencies or improvements, which it may make, and from distributing by way of dividends or otherwise disposing of, the profits to which it may be entitled, and the Commission is authorized to make or permit such arrangement or arrangements with any public utility as it may deem wise for the purpose of encouraging economies, efficiencies or improvements, and securing to the public utility making the same such portion, if any, of the profits thereof as the Commission may determine.

To penalize a public utility for efficiency and economy in management and operation could result only in placing a premium upon extravagance.

The following increased schedule of rates will greatly simplify operations by placing the entire system upon the same general use charges. The rates set out herein, it is estimated, will increase the revenues on the

1923 basis such that a fair return will result to the company under efficient operation and at the same time will not unnecessarily burden the public.

The following form of order is submitted:

### ORDER.

San Jose Water Works, a corporation, having made application for authority to increase the rates charged for water delivered to consumers in the city of San Jose, the towns of Los Gatos and Saratoga and adjacent territory in Santa Clara County, public hearings having been held thereon, the matter having been submitted and the Commission being now fully informed thereon:

It is hereby found as a fact that the rates now charged by San Jose Water Works, a corporation, for water supplied to its consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

And basing the order upon the foregoing finding of fact, and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that the San Jose Water Works, a corporation, be and it is hereby authorized and directed to file with the Railroad Commission on or before October 31, 1924, the following schedule of rates to be charged for all water delivered to consumers subsequent to October 31, 1924:

#### METER RATES.

##### Minimum monthly charges:

½-inch meter	-----	\$1 50
¾-inch meter	-----	2 00
1 -inch meter	-----	3 00
1½-inch meter	-----	6 00
2 -inch meter	-----	9 00
3 -inch meter	-----	18 00
4 -inch meter	-----	28 00
6 -inch meter	-----	55 00

Each of the foregoing "minimum monthly charges" will entitle the consumers to the quantity of water which that minimum monthly charge will purchase at the following "monthly meter rates."

##### Monthly meter rates:

From 0 to 600 cubic feet, per 100 cubic feet	-----	\$0 25
From 600 to 1,500 cubic feet, per 100 cubic feet	-----	22½
From 1,500 to 3,000 cubic feet, per 100 cubic feet	-----	20
From 3,000 to 10,000 cubic feet, per 100 cubic feet	-----	15
Over 10,000 cubic feet, per 100 cubic feet	-----	12

##### Municipal and county use:

Street sprinkling, per 100 cubic feet	-----	\$0 15
Fire hydrants owned by cities or other municipal corporations, per month	-----	2 50
Fire hydrants owned by company, per month	-----	3 25

All other municipal and county use to be charged at the regular meter rates.



**Private fire service:**

Size of service, unmetered:

2-inch, per month-----	\$3 50
4-inch, per month-----	10 00
6-inch, per month-----	20 00

**FLAT RATES.**

The present flat rates for the San Jose district, as established by this Commission in Decision No. 1534, Case No. 476, are to be increased 50 per cent and made applicable to the entire system.

*It is hereby further ordered*, that San Jose Water Works file with the Railroad Commission within thirty (30) days from the date of this order revised rules and regulations governing service to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Commission.

The effective date of this order is hereby fixed as October 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of October, 1924.

**DECISION No. 14215.**

IN THE MATTER OF THE APPLICATION OF HORACE NELSON AS  
OWNER OF THE HALF MOON BAY WATER COMPANY, FOR RAISE  
IN RATES.

Application No. 10417.

Decided October 28, 1924.

*J. E. McCurdy*, for Applicant.

WHITTLESEY, *Commissioner*.

**OPINION.**

Horace Nelson, owning and operating an unincorporated public utility water system known as the Half Moon Bay Water Company, supplying water for domestic purposes in and in the vicinity of the unincorporated town of Half Moon Bay, San Mateo County, asks authority to increase the rates.

The application alleges in effect that the present rates do not produce sufficient revenue to yield an adequate return on the investment.

A public hearing in this proceeding was held at Half Moon Bay, after all consumers had been duly notified and given an opportunity to appear and be heard.

The rates at present in effect are as follows :

#### FLAT RATES.

Families -----	\$1 00 per month
Garages -----	1 00 per month
Livery stables -----	2 50 per month
Saloons -----	1 00 per month
Hotels -----	6 00 per month
Lodges -----	1 00 per month
Schools -----	2 00 per month

#### METER RATES.

Water used by county of San Mateo-----	\$0 20 per 1000 cu. ft.
Other metered use—	
First 400 cubic feet or less per month-----	\$1 00
All over 400 cubic feet, per 100 cubic feet per month-----	20
Minimum monthly payment-----	1 00

The testimony shows that in addition to the foregoing meter rates as filed with the Commission, one of the consumers of the utility using large quantities of water has been given a special rate of 12 cents per hundred cubic feet.

Water is obtained by diversion from Diggs Creek and by pumping from wells. In years of normal rainfall the stream flow is sufficient to supply the demands of the system for eight or nine months of the year, after which it is necessary to supplement the stream flow by pumping from wells. During the present summer the creek supply failed entirely, and it was necessary to drill two additional wells, also to purchase water from outside sources to meet the requirements of consumers.

The water secured from the creek and wells is conveyed to a covered concrete reservoir having a capacity of about 600,000 gallons, and then through about 10,000 feet of six-inch transmission main to the town of Half Moon Bay. The water is then distributed through about 14,500 feet of mains varying from six to one inch in diameter, to about 175 consumers, about one-half of whom are metered. Meters are being installed on the remaining services as rapidly as applicant's finances permit.

At the hearing Mr. Nelson testified that no return was being earned on the investment in the water system and referred to the annual reports filed with the Commission for the amount of the investment and for details of maintenance and operation expenses and operating revenues. He requested the Commission to establish whatever rate was deemed proper, and asked for a return on only the actual investment in the water system.

William Stava, one of the Commission's hydraulic engineers, presented a report based upon an investigation of applicant's plant and operations. This report showed an estimated original cost of the system

of \$30,705, with a depreciation annuity, computed by the five per cent sinking fund method, of \$737. The sum of \$2,500 was recommended as a proper allowance for future maintenance and operating expenses. The foregoing estimate of original cost does not include the sum of \$12,746 which is the estimated cost of the pipe system installed in the Arleta Park subdivision, adjoining the town of Half Moon Bay. This tract has about twelve consumers who can be served by extensions from the town system, and the cost of the entire distribution system could not fairly be charged against the consumers in Half Moon Bay. The report further showed that applicant's actual investment in the property is \$18,722. Applicant's revenues for 1923 were \$2,940, and it was estimated that the 1924 revenues would amount to \$3,200. The total of the depreciation annuity and estimated future operating expenses is \$3,237, which is \$37 greater than the estimated revenue for 1924, and provides no return whatever upon the investment. It is evident that applicant is entitled to an increase in rates.

A representative of a local canning company protested against raising the wholesale rate of water, alleging that the present rate of twelve cents per 100 cubic feet was all that his company could afford to pay. An inspection of rates for comparable service on similarly operated water utilities, and of the rates established for the service to the other consumers on the water system, indicates that an increase in the wholesale rate is justified.

The evidence also shows that a fire district has been formed which includes the town of Half Moon Bay, and that fire hydrants and mains of larger diameter than required for domestic purposes have been installed at the request of the district, which has agreed to pay the cost of the installation of hydrants and a monthly rental of 75 cents each. There are now nine fire hydrants of the wharf type installed, and it is proposed to make additional installations in the immediate future. This rate will be included in the schedule established in the following order.

The rates set out in the following order are designed to yield sufficient revenue to cover maintenance and operation expense, depreciation annuity, and a reasonable return on the capital invested in the property devoted to the public use.

The following form of order is recommended:

#### ORDER.

Horace Nelson, owner and operator of a water system known as the Half Moon Bay Water Company, having made application for authority to increase the rates for water delivered to consumers in Half Moon Bay, San Mateo County, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed in the premises:

It is hereby found as a fact that the rates now charged by Horace Nelson for water delivered to consumers at Half Moon Bay, San Mateo County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the preceding opinion;

*It is hereby ordered*, that Horace Nelson be and he is hereby directed to file with this Commission on or before October 31, 1924, the following schedule of rates to be charged for all water delivered to consumers in Half Moon Bay, San Mateo County, subsequent to that date:

#### MONTHLY FLAT RATES.

Minimum monthly charge ..... \$1 50

Total bills to be computed in accordance with the following items:

1. Residence of four rooms or less.....	1 25
Additional for each room over four.....	10
Additional for each flush toilet or bath tub.....	25
Additional for each private garage.....	25
Additional for each private barn with not more than two horses or cows.....	30
Additional for each horse or cow over two.....	15
2. Irrigation of gardens or grounds, per 100 square feet.....	02
3. For small stores and shops.....	\$1 50 to 2 00
4. For large stores or shops.....	2 00 to 5 00
Additional for each bath tub, flush toilet or urinal in items 3 and 4.....	50
5. Water for all purposes or establishments not specified in the above schedule, will be charged for at meter rates.	

#### MEASURED RATES.

Minimum monthly charges:

½-inch meter .....	\$1 50
¾-inch meter .....	2 00
1-inch meter .....	3 00
1½-inch meter .....	6 00
2-inch meter .....	9 00
3-inch meter .....	18 00

Each of the foregoing "monthly minimum charges" will entitle the consumer to the quantity of water which that minimum will purchase at the "monthly meter rates" set out as follows:

Monthly meter rates:

From 0 to 500 cubic feet, per 100 cubic feet.....	\$0 30
From 500 to 2,000 cubic feet, per 100 cubic feet.....	25
From 2,000 to 5,000 cubic feet, per 100 cubic feet.....	20
Over 5,000 cubic feet, per 100 cubic feet.....	15

#### MONTHLY CHARGES FOR FIRE HYDRANTS.

Fire hydrants owned by fire district.....	\$0 75
Fire hydrants owned by the company.....	1 50

*It is hereby further ordered*, that Horace Nelson be and he is hereby directed to file with this Commission, within thirty (30) days of the date of this order, rules and regulations to govern relations with consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The effective date of this order is hereby fixed as October 31, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of October, 1924.

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DECISION No. 14216.

IN THE MATTER OF THE APPLICATION OF ISAIAH HARTMAN, A PUBLIC UTILITY OPERATING UNDER THE NAME OF LORENZO WATER COMPANY, FOR AN INCREASE IN ITS WATER RATES.

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Application No. 10439.

Decided October 28, 1924.

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*Isaiah Hartman*, for Applicant.

WHITTLESEY, *Commissioner*.

**OPINION.**

Isaiah Hartman, who owns and operates under the name and style of Lorenzo Water Company, a public utility water system which supplies domestic service to the inhabitants of a portion of the unincorporated town of Boulder Creek, Santa Cruz County, makes application for an increase in rates.

The application alleges in effect that the present rates charged for water service do not produce sufficient revenue to cover the necessary maintenance and operation expenses of the system, together with a reasonable return upon the investment. The Commission is therefore asked for an order permitting the utility to establish a rate schedule similar to that at present in effect in the territory served by the Santa Cruz County utilities, which supplies water to consumers located in an area immediately adjacent.

A public hearing in this proceeding was held at Boulder Creek on September 25, 1924, after all interested parties had been duly notified and given an opportunity to be present and be heard.

This water system was originally constructed about 1890 by Joseph W. Perry to provide water service for the town of Lorenzo, which is now a portion of the town of Boulder Creek. The present owner, Isaiah Hartman, acquired the property February 4, 1914, under foreclosure proceedings which were instituted following the decease of the former owner.

The water supply is derived by the diversion of the natural flow of Perry and Molasky Creeks, two small perennial streams in which the

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low flow during the summer months is maintained by springs. The water is diverted from these creeks by small dams through short lengths of flume to several small storage tanks, and from thence is conveyed by gravity through a distribution system which consists largely of 2-inch standard screw pipe mains.

The rates at present in effect were established by this Commission in Decision No. 2979, dated December 17, 1915, in Application No. 1916, and are as follows:

## MONTHLY RATES.

## Unmetered service—

Per month, flat rate-----	\$1 25
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## Metered service—

For the first 500 cubic feet, per 100 cubic feet-----	20
From 500 to 3,000 cubic feet, per 100 cubic feet-----	15
Over 3,000 cubic feet, per 100 cubic feet-----	10
Minimum charge, per month-----	1 25
Street sprinkling, per year-----	30 00

An investigation of this water system for the purpose of this proceeding was made by H. A. Noble, one of the Commission's hydraulic engineers, and his report and appraisal, compiled from available records and data, was submitted in evidence and accepted by the applicant without protest. This report shows an estimated cost of the system amounting to \$5,235, together with a depreciation annuity computed by the 5 per cent sinking fund method, of \$101. There was submitted with the application a valuation of the water system amounting to \$11,464, but it was admitted at the hearing that this total included the purported value of 361 acres of land of which only about 50 acres might reasonably be considered as used and useful for the protection and maintenance of the sources of water supply as at present developed. After a consideration of the evidence submitted it appears that \$25 per acre is a reasonable estimate of the cost of these 50 acres, including the right to divert water, and that the sum of \$5,985 represents a reasonable estimate of the cost of the property of this utility devoted to the public use.

It is apparent that applicant's statements of maintenance and operation expense as shown in the annual reports to the Commission and in the application herein, are not complete and are very largely estimates which are not based upon careful records of expenditures. Upon careful consideration and analysis of the evidence submitted, after due allowance is made for methods of operation which will provide proper and efficient service, it appears that \$700 per annum is a reasonable allowance for future maintenance and operation expense.

Based upon the foregoing figures the results of operation of this water system for the year 1923 were as follows:

Revenues -----	\$1,000 00
Expenses--	
Maintenance and operation-----	\$700
Depreciation annuity -----	101
Total expenses -----	<u>801 00</u>
Available for return-----	\$199 00

This is equivalent to a return of 3.3 per cent upon an investment of \$5,985.

For the past two years the average number of consumers has been slightly less than 70, and it is improbable that any material increase in the business of the utility can be expected. In 1922, meters were installed on eight services, and in order to conserve water during the extreme shortage prevalent during the present year 16 meters were installed, and in addition it became necessary to purchase some water from the system of the Santa Cruz County utilities. A special rate has been charged for water service supplied to the public school property through a privately owned tank and a 2-inch main from Perry Creek. This rate is in accordance with an agreement made with the school trustees in 1909, and for many years charges were made at the rate of \$15 per annum, which recently was increased to \$30 subsequent to the addition of a modern high school building and gymnasium on the property. It appears from the evidence that the quantity of water delivered to the school property at the present time is much greater than was originally contemplated when the agreement was entered into, and it is evident that the rate charged should be increased to an amount which will compensate the applicant more equitably for the service rendered.

Testimony submitted at the hearing indicates that for years past the service rendered to consumers during the summer months, when stream flow is small, has been somewhat inadequate. It was also shown that the service rendered through a 1-inch pipe line fed from Molasky Creek and supplying some of his consumers at its lower end has been insufficient. It appears from the evidence that this condition obtains largely by reason of inefficient diversion structures which permit a considerable leakage and waste of water, together with inadequate pipe capacity in portions of the system, and the fact that the distribution pipe system is largely noncirculating. Applicant should at once make the necessary investigations to determine what improvements are required to relieve the situation described above, and should thereafter make such installations and repairs as will provide the proper and adequate water service to which the consumers are entitled.

The rate schedule established in the following order is designed to

produce sufficient revenue to provide for maintenance and operation expense, depreciation annuity, and reasonable return upon the investment in the property devoted to the public use, and has been computed after a careful consideration of the character of the service rendered and the fact that a portion of the consumers are summer residents only.

#### ORDER.

Isaiah Hartman, who operates a public utility water system under the name and style of Lorenzo Water Company, having made application to this Commission for authority to increase rates, a public hearing having been held thereon, the matter having been submitted and the Commission being now fully advised in the premises:

It is hereby found as a fact that the rates now charged by Isaiah Hartman for water delivered to consumers in the town of Boulder Creek, Santa Cruz County, are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates to be charged for such service.

Basing the order upon the foregoing finding of fact and upon the statements of fact contained in the opinion preceeding this order;

*It is hereby ordered*, that Isaiah Hartman, operating under the name and style of Lorenzo Water Company, be and he is hereby authorized to file with this Commission on or before October 31, 1924, the following schedule of rates, to be charged for all service rendered subsequent to that date:

#### FLAT RATE SERVICE.

For the first four consecutive months in which service is rendered during any calendar year, payable in advance-----	\$8 00
(Service may be commenced at any time during the calendar year at this rate.)	
For each additional month over four-----	1 50
Flat rate consumers may if they so desire secure service during the entire calendar year by a payment in advance of-----	18 00

#### MEASURED RATE SERVICE.

For the first four consecutive months in which service is rendered during any calendar year, payable in advance, for water use not exceeding 500 cubic feet per month-----	\$6 00
(Service may be commenced at any time during the calendar year at this rate.)	
For each additional month over four, for water use not exceeding 500 cubic feet per month-----	1 50
Measured rate consumers may if they so desire secure service during the entire calendar year, for water use not exceeding 500 cubic feet per month, on payment in advance of-----	16 00
For water use in excess of 500 cubic feet per month consumers shall be billed for such excess use as follows:	
For use from 500 to 10,000 cubic feet at the rate of \$0.25 per 100 cubic feet.	
For use over 10,000 cubic feet at the rate of \$0.20 per 100 cubic feet.	



## PUBLIC USE CHARGES.

For combined use of the high school, grammar school and gynasium, per calendar year, payable in advance----- \$125 00

Service to the high school, grammar school and gymnasium may at the request of the board of school trustees or the option of the utility be placed upon a measured basis, in which case the foregoing meter rates will apply.

*It is hereby further ordered*, that the collection of the rates set out in this order is expressly conditioned upon the installation by Isaiah Hartman of such improvements, repairs or alterations in and to his water system as are required to render adequate service to all consumers.

*It is hereby further ordered*, that Isaiah Hartman be and he is hereby directed to file with this Commission within thirty (30) days of the date of this order, rules and regulations to govern relations with his consumers, such rules and regulations to become effective upon their acceptance by the Commission.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-eighth day of October, 1924.

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DECISION No. 14217.

HARRY V. MASSENA

vs.

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY.

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Case No. 2004.

Decided October 28, 1924.

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*Alfred Sieson*, for Complainant.

*Robert Brennan*, for Defendant.

BY THE COMMISSION.

**OPINION.**

Harry V. Massena, operating a hotel in the city of Bakersfield, complains that the operation by defendant, Atchison, Topeka and Santa Fe Railway Company, of its railroad in the city of Bakersfield is so conducted that it causes public inconvenience and annoyance, unnecessarily interrupts highway traffic at railroad crossings, and the enjoyment of private property. Complainant alleges that crossing bells, which are a portion of automatic protective devices at crossings, ring unnecessarily and when no protection is afforded by such ringing; that switching operations are performed over F street crossing which are unnecessary and create a hazard of accident and an interference with highway

traffic desiring to use said F street crossing; that all of the crossings of the defendant company are in bad condition in that they are rough, uneven and unpaved; and that unnecessary noises are made in switching operations.

Defendant herein duly filed its answer and amended answer in which a general denial of the allegations of the complaint was made.

A public hearing on this complaint was conducted by Examiner Handford at Bakersfield on October 17, 1924, at which time the matter was duly submitted and it is now ready for decision.

At the hearing it was stipulated that all but one of the items of complaint had been corrected by the defendant to such extent that reasonable cause for complaint was no longer present and that as to such items the complaint could be dismissed.

By reason of this stipulation the only issue to be determined herein is the complaint regarding the blocking of street crossings by the switching operations of defendant company and the inconvenience and annoyance caused by the noise of engine bells, escaping steam from locomotives and the handling of cars incidental to switching over lead tracks at the east end of defendant's Bakersfield yard.

The Bakersfield freight yard of The Atchison, Topeka and Santa Fe Railway Company is located in the westerly portion of the city and generally within the area bounded on the north by Fifteenth street, on the east by F street, on the south by Thirteenth street, and on the west by Oak street. Switching operations are conducted from lead tracks at both the west and east ends of the yard. In switching from lead tracks at the east end of the yard, operations are conducted across F, G, H, I streets, Chester avenue, K, L, and M streets, and these streets are crossed most frequently in the order named. It was testified by witnesses for complainant that the switching over the lead at the east end of the yard often resulted in the blocking of these crossings, especially the crossing at F street, which is the heaviest traveled street and is one used by residents of the southwesterly portion of Bakersfield and particularly as a method of access to the Kern County union high school. The intersection of F street and Fifteenth street is also the terminus of one of the lines of the Bakersfield and Kern Electric Railway and connection is made with bus line feeders operated by such company, passengers being required to walk across the tracks of the defendant company at the F street crossing in making transfer between the bus and street car.

Witnesses for complainant also testified as to the annoyance caused by the noise of switch and road engines both as to switching operations and by reason of the ringing of locomotive bells, escaping steam from locomotive safety valves and exhaust from locomotives when same were unable to secure proper traction and drivers were slipping. These

annoyances are claimed to be particularly objectionable during the night hours in that they interfere with the rest of residents living adjacent to the tracks of the defendant.

It appears from the evidence of witnesses for defendant that due to the physical layout of Bakersfield yard it is impossible to handle the freight business of defendant by concentrating all the classification and other switching upon the lead tracks at the west end of the yard, but that at present and for some time past approximately two-thirds of the switching has been handled over the lead tracks at such end of the yard. There is some switching, however, that must be done from the lead tracks at the east end of the yard and also certain industries that must be served in the handling of their carload shipments over these lead tracks. Witnesses produced by defendant testified that they had frequently used the F street crossing and while at times they had been compelled to wait for a train to clear the crossing it was more noticeable when a long freight train was passing than when switching operations were being conducted, and that in general no unreasonable delay had been experienced or observed.

Bakersfield is a point on the line of defendant's railroad where two divisions are served by the freight yard. Trains arriving from Valley Division points pull into the yard from the west end and are then switched and classified as to local business for Bakersfield, cars for the Sunset Railway, and for eastern movement over the Tehachapi mountains. Perishables are often reiced for the beginning of their trip over the mountains and across the desert. In like manner trains arriving from the Arizona Division and passing into the yard over the easterly lead tracks require to be broken up and classified for their movement to San Joaquin Valley points, to San Francisco Bay points and to northern connections. Trains received from the east require handling in their break-up and classification principally over the lead tracks at the east end of Bakersfield yard and such switching is the cause of some obstruction to the crossings herein referred to. It is clearly shown by the evidence herein that the use of a switching lead at the east end of the Bakersfield yard of defendant railway is necessary for the proper and expeditious handling of defendant's trains and the elimination of the interference with highway traffic on the streets can only be accomplished by either an entire rearrangement of the yard and its possible reestablishment in some other location or a separation of grades at the F street crossing. Either of these definite solutions of the problem would require a considerable capital expenditure on the part of defendant, and in the case of a separation of grades at F street crossing some portion of the resultant cost would be required to be met by the city of Bakersfield. It has not been shown herein that the complaint justifies the considerable expenditure that would be necessary to

furnish the complete relief that would be accorded by the ultimate solution proposed.

As to the complaint arising from the noise of locomotive bells, escaping steam from locomotives and locomotive exhausts, statutory provisions govern the matter of the use of locomotive bells as contained in the following code provisions:

**Paragraph 390, Penal Code of California :**

Every person in charge of a locomotive-engine who, before crossing any traveled public way, omits to cause a bell to ring or steam-whistle to sound at the distance of at least eighty rods from the crossing and up to it, is guilty of a misdemeanor.

**Paragraph 486, Civil Code of California :**

A bell, of at least twenty pounds weight, must be placed on each locomotive-engine, and be rung at a distance of at least eighty rods from the place where the railroad crosses any street, road or highway, and be kept ringing until it has crossed such street, road or highway; or a steam-whistle must be attached, and be sounded, except in cities, at the like distance, and be kept sounding at intervals until it has crossed the same, under a penalty of one hundred dollars for every neglect, to be paid by the corporation operating the railroad, which may be recovered in an action prosecuted by the district attorney of the proper county for the use of the state. The corporation is also liable for all damages sustained by any person, and caused by its locomotives, train or cars, when the provisions of this section are not complied with.

The locomotive bells of the defendant company are mechanically operated by a bell-ringing device, and while it is necessary that the provisions of the statutory law be complied with, it is apparent that any unnecessary ringing, beyond that prescribed by law, should be dispensed with.

As regards the noise of escaping steam from locomotives, this is principally caused by excess steam pressure resulting in safety or "pop" valves acting and allowing the excessive pressure to be relieved. The remedy for this condition is well known to the defendant company and the cause of complaint can be eliminated by enginemen making proper use of the locomotive injector and not permitting the steam pressure to rise to a point where the "pop" or safety valve will operate.

As regards the unnecessary noise from locomotive exhaust when same is caused by driving wheels slipping, this also is a matter that can be cared for by proper handling by the locomotive engineer and the cause of complaint thus greatly reduced, if not entirely eliminated.

The blocking of the crossings can be cared for by a full compliance with the railroad regulation that crossings must not be blocked for a longer period than five minutes, and if necessary trains should be "cut" to permit users of the highway to pass over the crossing.

**ORDER.**

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission now being fully advised;

34-33193

*It is hereby ordered*, that defendant, The Atchison, Topeka and Santa Fe Railway Company, be and it hereby is directed to eliminate in so far as may be possible in connection with the operation of its station yard at Bakersfield all switching on the main line and lead tracks at the east end of said Bakersfield yard; to eliminate all noises arising from the unnecessary ringing of locomotive bells, escaping steam from locomotives, or locomotive exhausts; and to so arrange its switching and other operations that the least interference possible may result to the free use of the highway crossings in the city of Bakersfield east of its Bakersfield station, especially as to the F street crossing; and to issue such instructions to its agent or representative at Bakersfield empowering him with full supervision and authority over all yard, train and engine employees respecting compliance with the terms of this order, a copy of such instructions to be forwarded to this Commission within twenty (20) days from the date of this order.

*It is hereby further ordered*, that as to the other matters herein complained of that this complaint be and the same hereby is dismissed.

Dated at San Francisco, California, this twenty-eighth day of October, 1924.

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DECISION No. 14219.

IN THE MATTER OF THE APPLICATION OF CENTRAL COUNTIES GAS COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ONE HUNDRED THOUSAND SHARES OF ITS PREFERRED AND/OR COMMON CAPITAL STOCK OF A PAR VALUE OF ONE DOLLAR PER SHARE.

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Application No. 9825.

Decided October 29, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission, by its Decision No. 13269, dated March 14, 1924, in the above entitled matter, authorized Central Counties Gas Company to issue and sell, at not less than 92½ per cent of par value, \$100,000 of its common capital stock, or \$100,000 of its preferred stock, or such portion of either as it might elect to issue in an aggregate amount of not exceeding \$100,000. The order of the Commission permitted the company to use the proceeds for purposes, specified in Condition No. 1, as follows:

- |   |             |
|---|-------------|
| (a) For the purchase and installation of 20,000 feet of 5" transmission mains, approximately..... | \$25,000 00 |
| (b) For the purchase and installation of 30,000 feet of 2" distribution mains, approximately..... | 12,000 00   |

(c) For the purchase and installation of 500 new services, meters and regulators, approximately-----	\$13,000 00
(d) To refund the 90-day 7 per cent note in favor of Pacific Southwest Trust and Savings Bank, approximately-----	20,000 00
(e) To pay indebtedness and finance in part the cost of extensions, additions and betterments to applicant's plants and properties prior to January 1, 1924, approximately-----	22,500 00
Total -----	\$92,500 00

By its order in Application No. 10440, the Commission authorized Central Counties Gas Company to issue and sell \$80,000 of convertible bonds and to use the proceeds for certain purposes, including the payment of the \$42,500 of indebtedness referred to in (d) and (e) above.

The \$80,000 of bonds authorized by the decision in Application No. 10440 are convertible into common or preferred stock of applicant at the option of the holders on the basis of par for par, plus a payment to the bondholder by the company of \$20 for each \$1,000 bond converted. To enable the company to make the conversion, Decision No. 13269 will be modified so as to permit the company to issue and deliver, should it so desire and if called upon to do so, not exceeding \$80,000 of the stock therein authorized in exchange for bonds, or use the stock proceeds for the purposes stated in this order.

*It is hereby ordered*, that Condition No. 1 of the order in Decision No. 13269, dated March 14, 1924, be and it is hereby modified so as to read as follows:

1. The stock herein authorized to be issued shall be sold for cash at a net price of not less than 92½ per cent of par value and the proceeds used for the following purposes:

(a) For the purchase and installation of 20,000 feet of 5" transmission mains, approximately-----	\$25,000 00
(b) For the purchase and installation of 30,000 feet of 2" distribution mains, approximately-----	12,000 00
(c) For the purchase and installation of 500 new services, meters and regulators, approximately-----	13,000 00
(d) The remaining proceeds may be expended only for such purposes as the Commission will hereafter indicate in a supplemental order or orders.	

2. Stock, common or preferred, in the amount of not exceeding \$80,000 herein authorized to be issued may be delivered in exchange for the convertible bonds authorized by the decision in Application No. 10440 under the terms and conditions of the trust indenture providing for the issue of such convertible bonds.

*It is hereby further ordered*, that the time within which Central Counties Gas Company may issue the \$80,000 of stock in exchange for convertible bonds be and it is hereby extended for a period equivalent to the term of the convertible bonds.

*It is hereby further ordered*, that the order in Decision No. 13269,

dated March 14, 1924, shall remain in full force and effect except as modified by this first supplemental order.

Dated at San Francisco, California, this twenty-ninth day of October, 1924.

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DECISION No. 14221.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN SIERRAS POWER COMPANY, AN ELECTRICAL CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF EIGHT HUNDRED TWO THOUSAND THREE HUNDRED DOLLARS PAR VALUE OF FIRST AND REFUNDING MORTGAGE BONDS.

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Application No. 10546.

Decided October 29, 1924.

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*P. R. Ferguson*, for Applicant.

BY THE COMMISSION.

**OPINION.**

The Southern Sierras Power Company asks permission to issue and sell at not less than 85 per cent of their face value and accrued interest \$802,300 of 6 per cent first and refunding mortgage bonds due January 1, 1965, to pay indebtedness, and to reimburse its treasury on account of income expended for additions and betterments on or before August 31, 1924, or to pay for additions and betterments installed, or to be installed, subsequent to August 31, 1924. The Commission has not been furnished with a detailed statement of actual or estimated construction expenditures after August 31, 1924.

The company as of August 31, 1924, reports assets and liabilities as follows:

ASSETS AND OTHER DEBITS.

Investments:	
Fixed capital in service—electrical	\$10,788,466 97
Fixed capital under construction	1,720,641 02
Miscellaneous investments	562 00
Total investments	\$12,509,669 99
Current and accrued assets:	
Cash	\$153,088 44
Notes receivable	22,153 93
Accounts receivable	1,730,657 24
Marketable securities	1,158 28
Material and supplies	722,733 32
Jobbing account	5,017 17
Total current and accrued assets	\$2,635,708 38
Special funds:	
Sinking funds	\$18,406 05

**Deferred debits:**

Unamortized debt discount and expense.....	\$970,316 70
Prepayments .....	70,347 89
Miscellaneous deferred debits.....	1,739 62

Total deferred debits..... \$1,042,404 21

**Special deposits (see offsetting liability) :**

For paying bond coupons—first mortgage bonds.....	\$3,600 00
Discount on capital stock.....	4,995,350 00

Total assets and other debits..... \$21,205,198 63

**LIABILITIES AND OTHER CREDITS.****Capital and long term liabilities:**

Capital stock .....	\$5,000,000 00
Long term debt.....	9,612,500 00
Advances from affiliated companies.....	500,000 00

Total capital and long term liabilities..... \$15,112,500 00

**Current and accrued liabilities:**

Notes payable .....	\$10,137 00
Accounts payable .....	3,916,273 41
Consumers deposits .....	28,267 00
Miscellaneous current liabilities.....	1,069 20
Taxes accrued .....	25,935 73
Interest accrued .....	118,775 00

Total current and accrued liabilities..... \$4,098,457 34

**Deferred credits:**

Consumers advances for construction.....	\$151,311 72
Miscellaneous deferred credits.....	6,240 65

Total deferred credits..... \$157,552 37

**Reserves:**

Depreciation reserve .....	\$1,063,967 90
Casualty and insurance reserve.....	13,778 55
Operating reserves .....	96,098 59
Miscellaneous reserves .....	6,396 80

Total reserves ..... \$1,180,241 84 |

**Appropriated surplus:**

Sinking fund reserves.....	\$333,412 61
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**Unappropriated surplus:**

Profit and loss balance.....	319,434 47
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**Liabilities offset by special deposits:**

Outstanding first mortgage bond coupons.....	3,600 00
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Total liabilities and other credits..... \$21,205,198 63

Of the accounts receivable, reported at \$1,730,657.24, approximately \$1,444,000 is due from subsidiary or affiliated companies, about \$964,308 being due from the Nevada-California Electric Corporation, about \$228,824 from the Holton Interurban Railway Company, about \$114,238 from the Imperial Ice and Development Company, about \$61,129 from



the Cain Irrigation Company and about \$74,101 from the Hillside Water Company.

Applicant reports accounts payable at \$3,916,273.41, of which approximately \$3,203,602 is payable to the Nevada-California Power Company and \$370,569 to The Sierras Construction Company.

Applicant reports that from January 1, 1924, to August 31, 1924, it expended for plant extensions, additions and betterments the sum of \$943,972.65. The expenditures are reported in some detail in applicant's Exhibit "C." The company asks permission to issue \$802,300 face value of bonds, which represent 85 per cent of the company's reported construction expenditures.

It is of record that the bonds will be purchased by Nevada-California Electric Corporation and will be used by that company as collateral to secure bonds issued under its first lien mortgage. As stated, applicant asks permission to issue its bonds at 85 per cent of their face value and accrued interest. Issued at this price, the effective interest rate would be in excess of 7 per cent. I believe that The Southern Sierras Power Company should be able to market its bonds on a better basis than 85. The order herein will permit the company to issue the \$802,300 face value of bonds and sell the same for not less than 88 and accrued interest. The testimony shows that the proceeds realized from the sale of the bonds will be placed to the credit of The Southern Sierras Power Company by the Nevada-California Electric Corporation and that until such time as The Southern Sierras Power Company actually withdraws the moneys, it will receive on the proceeds, interest at the rate of 8 per cent per annum. This is the same rate of interest which The Southern Sierras Power Company pays for money advanced by the Nevada-California Electric Corporation or any of its affiliated companies. It is of record that a substantial amount of proceeds realized from the sale of the bonds will be immediately applied to the payment of indebtedness incurred in connection with the construction of additions and betterments since January 1, 1924.

#### ORDER.

The Southern Sierras Power Company having applied to the Railroad Commission for permission to issue \$802,300 face value of its first and refunding mortgage bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such bonds is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income and that this application should be granted as herein provided, therefore;

*It is hereby ordered, as follows:*

1. The Southern Sierras Power Company may issue and sell at not less than 88 per cent of their face value and accrued interest on or before December 15, 1924, \$802,300 of 6 per cent first and refunding mortgage bonds due January 1, 1965, and use the proceeds to pay indebtedness incurred in connection with the construction of the extensions, additions and betterments described in Exhibit "C" filed in this proceeding or to reimburse its treasury on account of earnings used to pay for such extensions, additions and betterments, or for such other purposes as the Railroad Commission will hereafter authorize by a supplemental order or orders.

2. The Southern Sierras Power Company may finance through the issue of the bonds herein authorized only such expenditures as are properly chargeable to fixed capital account under the uniform system of accounts prescribed or adopted by the Railroad Commission.

3. The Southern Sierras Power Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee amounts to \$803.

Dated at San Francisco, California, this twenty-ninth day of October, 1924.

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DECISION No. 14233.

IN THE MATTER OF THE APPLICATION OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY, A CORPORATION, AND THE LOS ANGELES COUNTY GRADE CROSSING COMMITTEE FOR PERMISSION TO INSTALL A SEPARATED GRADE CROSSING NEAR THE PRESENT INTERSECTION OF THE TRACKS OF THE LOS ANGELES AND SALT LAKE RAILROAD COMPANY AND TELEGRAPH ROAD, IN THE COUNTY OF LOS ANGELES.

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Application No. 10564.

Decided November 3, 1924.

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BY THE COMMISSION.

**ORDER.**

The county of Los Angeles, the Los Angeles and Salt Lake Railroad Company and the Los Angeles County Grade Crossing Committee, on October 22, 1924, filed the above-entitled application with this Commission, requesting authority to effect a separation of grades at the

crossing of Telegraph road over the tracks of the Los Angeles and Salt Lake Railroad Company.

It is recited in the application that such separation of grades will eliminate a hazardous condition at present assumed by heavy vehicular traffic on Telegraph road, and that the parties in interest are agreed upon division of costs; and, as the engineering department of the Commission has approved of the proposed plan, it appears to the Commission that a public hearing in this proceeding is not necessary and that the application should be granted.

*It is hereby ordered*, that permission and authority be and it is hereby granted to county of Los Angeles and the Los Angeles and Salt Lake Railroad Company to construct an undergrade crossing, carrying Telegraph road underneath the tracks of the Los Angeles and Salt Lake Railroad Company, near that company's "East Yard" in the county of Los Angeles, more particularly described as follows:

Beginning at a point in the center line of the San Pedro, Los Angeles and Salt Lake Railroad Company's right of way, as shown on map recorded in book 1536, page 59 of deeds, records of Los Angeles County, which is south  $83^{\circ} 54' 30''$  east along said center line, 67.83 feet from the center line of Anaheim Telegraph road, as shown on map filed as Exhibit "A" in Case No. B-25296, of the superior court of the State of California, in and for the county of Los Angeles; thence north  $18^{\circ} 54' 30''$  west 5517 feet to the northerly line of aforesaid right of way; thence south  $83^{\circ} 54' 30''$  east along said northerly line, 110.34 feet; thence south  $18^{\circ} 54' 30''$  east 110.34 feet to the southerly line of said right of way; thence north  $83^{\circ} 54' 30''$  west along said southerly line, 97.12 feet to the northeasterly line of aforesaid Anaheim Telegraph road; thence north  $43^{\circ} 16' 45''$  west along said northeasterly line, 29.03 feet; thence north  $18^{\circ} 54' 30''$  west 34.32 feet to the point of beginning.

and as delineated upon maps, Exhibits "B" and "C," attached to application, subject to the following conditions:

(1) The entire expense, including cost of raising tracks, cost of excavation to carry Telegraph road under the tracks, cost of the steel and concrete structure to carry tracks, cost of paving, cost of right of way, and other costs incidental to such separation, shall be divided equally between county of Los Angeles and Los Angeles and Salt Lake Railroad Company.

(2) Said subway shall be constructed in accordance with plans marked Exhibit "B" attached to the application, and with clearances conforming to the provisions of the Commission's General Order No. 26.

(3) If construction work on said undergrade crossing shall not have been started within one year from the date of this order, the authorization herein granted shall then lapse and become void unless further time is granted by subsequent order.

(4) The cost of maintaining the structure shall be borne by the Los Angeles and Salt Lake Railroad Company. The cost of maintaining the roadway, paving and drainage through the structure shall be borne by the county of Los Angeles.

(5) The Commission reserves the right to make such further orders relative to the construction and maintenance of said subway crossing as to it may seem right and proper.

This order shall become effective immediately.

Dated at San Francisco, California, this third day of November, 1924.

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DECISION No. 14234.

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY FOR AN ORDER PERMITTING DISCONTINUANCE OF MOTOR CAR SERVICE ON COLUSA-HAMILTON BRANCH AND SUBSTITUTING IN PLACE THEREOF A MIXED TRAIN.

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Application No. 10354.

Decided November 3, 1924.

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*V. S. Andrus* and *L. V. Young*, for Applicant.  
*Van Bernard*, for Protestants.  
*Mary A. Beat*, Postmistress, Glenn, Protestant.  
*Myra C. E. Willis*, Protestant.  
*J. O. Bondurant*, Protestant.  
*M. J. Boggs*, for Colusa County Chamber of Commerce, Protestant.  
*Oscar Robinson*, for City of Colusa, Protestant.  
*J. J. O'Rourke*, for Colusa Chamber of Commerce, Protestant.  
*D. W. Bryant*, Colusa, Protestant.  
*Miss Mary A. Dempsey*, Postmistress, Colusa, Protestant.  
*W. F. Howell*, *H. L. Houchines* and *C. J. Prole*, for Grimes Chamber of Commerce, Protestant.  
*W. F. Bondurant*, Butte City, Protestant.  
*J. N. Westberg*, Butte City, Protestant.  
*S. C. Davis*, Ordbend, Protestant.  
*F. A. Bushee*, Ordbend, Protestant.  
*V. R. Small*, Ordbend, Protestant.  
*J. W. Jessup*, Ordbend, Protestant.  
*C. S. Johnson*, Butte City, Protestant.

BY THE COMMISSION.

OPINION.

Southern Pacific Company, a corporation, has petitioned the Railroad Commission for an order authorizing the discontinuance of a passenger motor car service now operated between Harrington and Orland on its Hamilton-Colusa branch of the Sacramento division, and to substitute therefor a mixed train service.

A public hearing on this application was conducted by Examiner Handford at Colusa at which time the matter was duly submitted and it is now ready for decision.

Applicant alleges that since June 8, 1924, and up to the present time it has operated a daily passenger motor car service of one round trip between Harrington and Orland serving the intermediate stations of College City, Graino, Sycamore, Dolan, Colusa, Stegeman, Princeton, Codora, Glenn, Ordbend, Rotavele, Hamilton and Wyo; that during the period from February 25 to June 7, 1924, inclusive, a mixed train

was operated under informal permission of this Commission but owing to many protests being received said mixed train service was substituted by the passenger motor car service; that the passenger motor car service now maintained does not attract sufficient patronage to justify its continued operation and that the cost and expense of operation far exceeds the revenue derived from said operation and now results, and will continue to result, in a loss to applicant herein and thus place an undue and unwarranted burden on the applicant and indirectly upon the general public. That immediately upon the discontinuance of the passenger motor car service, should such be authorized by the granting of the application herein, it is the intention of applicant to establish and hereafter maintain a mixed train service making a round trip daily between the points hereinabove mentioned; and that the operation of the proposed mixed train service will be more economical than the present service and that such proposed service, together with other existing transportation facilities, will adequately meet the public need for transportation.

Mr. L. V. Young, a witness for applicant, presented exhibits showing revenue and expenses of the passenger motor car operation for the period June 9 to September 20, 1924, inclusive; comparison of cost of performing train service on the Colusa-Hamilton branch for a typical month under the present and proposed service; and a comparison of the present passenger motor car schedule with the proposed mixed train schedule.

The following pertinent data have been abstracted from the exhibits filed:

<i>Operation of Passenger Motor Car.</i>	
Period—June 9th to September 20th, inclusive, 1924.	
Revenue—	
Passenger -----	\$1,023 00
Mail -----	1,298 00
Express -----	438 00
Baggage -----	13 00
Total -----	\$2,772 00
Expenses—	
Operating expense -----	\$5,488 00
Taxes (7% on \$2,772) -----	194 00
Total -----	5,682 00
Net loss for period -----	\$2,910 00
Average revenue per day -----	\$26 65
Average expense per day -----	54 63
Average loss per day -----	27 98

Comparison of cost of present train operation on Colusa-Hamilton Branch (Month of July, 1924) with proposed mixed train operation as formerly in effect (Month of March, 1924).

Motor car expense-----	\$1,611 67
Local freight train expense-----	4,535 58
<b>Total -----</b>	<b>\$6,147 25</b>
Mixed train service expense-----	5,209 51
<b>Saving per month under proposed method of operation-----</b>	<b>\$937 74</b>
<b>Annual saving under proposed method of operation-----</b>	<b>\$11,252 88</b>

Under the proposed time schedule the mixed train would leave Orland at 6.30 a.m. instead of the motor car schedule of 8.10 a.m. and would arrive at Harrington at 11.15 a.m. as does the motor car at present. Returning, the mixed train would leave Harrington at 11.50 a.m. (which is also scheduled leaving time of the motor car), arriving at Orland at 4.40 p.m. instead of 3.05 p.m. which is the present scheduled arrival for the motor car.

The items of expense appearing in all exhibits filed cover only direct train operating costs and taxes on gross revenue as regards the motor car operation. No expense has been claimed for items of maintenance of way and structures, conducting transportation (other than direct train operating costs), traffic or general expenses, or any interest on the investment in property used in the service.

The granting of the application is protested by the residents of the several communities served by the Colusa-Hamilton branch, and sixteen witnesses testified as to the inconvenience anticipated by the substitution of mixed train service for the passenger motor car now being operated. All these witnesses testified as to the unreliability of the mixed train service when formerly operated in that it could not be depended upon and was never operated in accordance with the published schedule, being rarely less than one-half hour late and in many instances two or more hours late. The late arrivals seriously interfered with the handling of United States mail and parcel post for the reason that many communities located away from the railroad receive their mail by rural route carriers and the delayed arrival of the mixed train sometimes resulted in a twenty-four-hour delay in the delivery of mail. Mail messengers, employed to transport mail between the railroad station and the post-office, are required by the Post Office Department regulations to wait two hours for the arrival of a delayed train and after such time, if a railroad agency is not available, to return the mail sought to be dispatched to the forwarding post office. In some instances mail has been so returned with the resultant delay to the users of the postal service, and incoming mail has also suffered delay by reason of arriving after business hours at various post offices or after the time of departure of local or rural carriers.

Complaint was also made as to the difficulties surrounding the handling

of express shipments, particularly perishables, by reason of the operation of a mixed train when same ran later than its scheduled time and this cause of complaint is accentuated by the fact that there are but three agency stations on the Colusa-Hamilton branch. Objection was also made to the granting of the application by reason of the inconvenience to the traveling public by reason of the slow speed of a mixed train and the annoyance of being transported in a car at the end of a freight train which might be transporting live stock.

Mr. P. E. Baker, principal of the Princeton Union High School, testified as to difficulty experienced in securing and retaining teachers at the high school due to the unsatisfactory train service when a mixed train was operated, teachers desiring to spend their week-end holidays at Sacramento and other points and objecting to the character of service as formerly rendered by a mixed train.

General complaint was made on behalf of the residents of the various communities as to the effect on the development of the territory served by the Colusa-Hamilton branch if a mixed train were to be substituted for the passenger motor car heretofore operated, and fear was expressed that the development of a fertile agricultural and dairying section would be materially retarded.

We have given careful consideration to the evidence and exhibits in this proceeding and it is apparent that the receipts derived from the operation of the passenger motor car service do not justify the operating cost that is required, and such cost reflects only the direct costs required in the motor car operation, there being no allowance for the other items which might properly be considered and upon which the applicant could properly rely.

We are not unmindful of the inconvenience occasioned by delayed trains to all the communities affected and such inconvenience was the principal cause of complaint. The protestants were practically unanimous as to delayed trains being the most annoying feature of mixed train operation but realizing that operating conditions with such class of train prevented the regularity of service to be expected of passenger train service, were practically all of the opinion that a mixed train service should be kept on the advertised schedule time and in no case, excepting accident, should the train arrive more than thirty minutes late at a scheduled station. Witness for applicant, Southern Pacific Company, testified that the proposed mixed train service had been scheduled with the complaints in mind which were formerly made during its previous operation and that, unless by unavoidable accident, the schedule would be maintained.

After full consideration of all the evidence and of the exhibits herein

we are of the opinion and hereby find as a fact that the operation of the passenger motor car service on the Colusa-Hamilton branch of the Sacramento division of the applicant is not warranted or justified by the traffic offering, the record herein being conclusive that the revenue derived from the operation of such train service does not even approximate the bare cost of train operation, and that applicant should be authorized to substitute therefor a mixed train service to be operated strictly in accordance with the conditions as appearing in the following form of order:

**ORDER.**

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted and the Commission being now fully advised, and basing its order on the finding of fact as appearing in the opinion which precedes this order;

*It is hereby ordered*, that applicant, Southern Pacific Company, a corporation, be and the same hereby is authorized to discontinue the operation of a passenger motor car service between Harrington and Orland on the Hamilton-Colusa branch of its Sacramento division and to substitute therefor a mixed train service to be operated strictly in accordance with the schedule as proposed by applicant and as shown by applicant's Exhibit No. 3 as filed at the hearing on this proceeding, and subject to the following conditions:

I. Applicant is hereby required to post notice of the discontinuance of the motor car service in all passenger cars now operated on the Colusa-Hamilton branch and at all stations on said branch where passengers are received and discharged at least ten (10) days prior to the discontinuance of the motor car service. Notices to also show the schedule of the mixed train herein authorized in substitution for the passenger motor car service.

II. Applicant is hereby directed to file with this Commission on or before the tenth day of each month a statement showing the actual performance of the mixed trains hereby authorized during the preceding calendar month with full explanation as to the causes of any delay which may exceed by fifteen (15) minutes the scheduled time as shown by the published time schedule as hereinabove authorized, and to continue such monthly reports until otherwise directed by this Commission.

The Commission expressly reserves the right to make such other and further orders in this proceeding as to it may appear just and proper or, as in its opinion, the public necessity and convenience may require.

Dated at San Francisco, California, this third day of November, 1924.



## DECISION No. 14236.

IN THE MATTER OF THE APPLICATION OF SAN GERONIMO VALLEY WATER COMPANY, A CORPORATION, FOR ORDERS AUTHORIZING IT, FIRST, TO ISSUE TWENTY-TWO THOUSAND ONE HUNDRED SEVENTY-SEVEN SHARES OF ITS CAPITAL STOCK, AND, SECOND, TO EXECUTE ITS PROMISSORY NOTE IN THE SUM OF THIRTY-ONE THOUSAND SIX HUNDRED NINETY-FIVE DOLLARS AND EIGHTY-FIVE CENTS, PAYABLE THREE YEARS AFTER DATE THEREOF.

Application No. 10532.

Decided November 3, 1924.

*Morrison, Dunne and Brobeck*, by *H. H. Phleger*, for Applicant.

BY THE COMMISSION.

## OPINION.

In this application the Railroad Commission is asked to make an order authorizing San Geronimo Valley Water Company to issue to Lagunitas Development Company \$22,177 of its common capital stock and its three-year 6 per cent promissory note for \$31,695.85 for the purpose of refunding outstanding indebtedness.

The application shows that San Geronimo Valley Water Company is engaged, as a public utility, in the distribution and sale of water in the towns of Woodacre, San Geronimo, Forest Knolls and Lagunitas, in Marin County. The company has an authorized capital stock of \$50,000, divided into 50,000 shares of the par value of \$1 each, of which 27,823 shares are now outstanding.

As of August 31, 1924, the company reports its assets and liabilities as follows:

<i>Assets.</i>		
Plant account .....	\$78,797 50	
Material on hand .....	1,416 60	
Accounts receivable .....	110 80	
Real estate .....	6,110 00	
Cash .....	38 54	
Deficit .....	21,302 24	
Total assets .....		\$107,775 68
<i>Liabilities.</i>		
Capital stock .....	\$27,823 00	
Accounts payable:		
Benicia Shipbuilding Corp. ....	\$113 41	
The McKee Company .....	7,751 02	
Lagunitas Development Co. ....	53,872 85	
Consumers' accounts .....	116 12	
Total accounts payable .....		61,853 40
Suspense .....	10 00	
Consumers' deposits .....	7 50	
Reserve for depreciation .....	18,081 78	
Total liabilities .....		\$107,775 68

It is reported that Lagunitas Development Company is the owner of all outstanding stock, except directors' shares, of San Geronimo Valley Water Company. It appears that on August 31, 1924, there was due Lagunitas Development Company from San Geronimo Valley Water Company, the sum of \$53,872.85, which represented moneys advanced by the Lagunitas Development Company and used by the water company for general corporate purposes and for the operation, extension, development and repair of its water system. In payment of this indebtedness San Geronimo Valley Water Company has agreed to issue to Lagunitas Development Company its remaining authorized but unissued stock, amounting to \$22,177, and its three-year 6 per cent note for \$31,695.85. According to the testimony of P. A. Sietz, the secretary and treasurer of the water company, approximately \$51,000 of the indebtedness of \$53,872.85 was used for capital additions and the remainder for general corporate uses.

The Commission by Decision No. 2273, dated April 1, 1915 (Volume 6, Opinions and Orders of the Railroad Commission, page 490), authorized applicant to issue \$27,820 of stock to acquire public utility properties from Lagunitas Development Company. The stock and notes which the company now asks permission to issue is to finance the cost of additions and betterments installed from January 1, 1915, to August 31, 1924. The expenditures are distributed to accounts as follows:

Franchise and water rights.....	\$50 85
Collecting aqueducts, intakes and supply mains.....	474 85
Distribution mains .....	18,566 45
Lake and river cribs.....	26 19
Services .....	3,076 68
Meters .....	2,876 10
Miscellaneous distribution equipment.....	1,429 40
Engineering and superintendence.....	4,019 56
Buildings, structures, tanks, reservoirs.....	7,847 25
Pumping equipment .....	5,910 78
Transmission mains .....	6,699 39
<b>Total .....</b>	<b>\$50,977 50</b>

As of August 31, 1924, applicant reports 487 connections and 225 meters installed.

Though the Commission will authorize the issue of stock and notes, as requested by applicant, the Commission reserves the right to determine, if called upon to do so in a subsequent proceeding, how much of the company's reported capital expenditures is necessary to serve its consumers.

#### ORDER.

San Geronimo Valley Water Company having applied to the Railroad Commission for permission to issue \$22,177 of stock and a three-year 6 per cent promissory note for \$31,695.85, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being

of the opinion that the money, property or labor to be procured or paid for through the issue of such stock and note, is reasonably required by applicant;

*It is hereby ordered*, that San Geronimo Valley Water Company be and it is hereby authorized to issue on or before January 31, 1925, at not less than par to Lagunitas Development Company \$22,177 of its common capital stock and its three-year 6 per cent unsecured promissory note in the principal amount of \$31,695.85 in payment of outstanding indebtedness of \$53,872.85 referred to in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. San Geronimo Valley Water Company shall keep such record of the issue and delivery of the stock and note herein authorized as will enable it to file within thirty days after such issue and delivery a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective when the San Geronimo Valley Water Company has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$32.

Dated at San Francisco, California, this third day of November, 1924.

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#### DECISION No. 14237.

**IN THE MATTER OF THE APPLICATION OF THE KEY SYSTEM TRANSIT COMPANY, A CORPORATION, FOR AN ORDER PERMITTING THE ESTABLISHMENT OF A PASSENGER FARE OF THIRTY-SIX CENTS FROM SAN FRANCISCO TO OAKLAND AND RETURN, INCLUDING AN ADMISSION TICKET TO IDORA PARK.**

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Application No. 10181.

Decided November 3, 1924.

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**RATES—RAILWAY UTILITY—AMUSEMENT EXCURSION FARES.**—Petition for rehearing of application of Key System Transit Company for authority to establish a passenger fare of 36 cents from San Francisco to Oakland and return, including an admission ticket to Idora Park, is denied and previous action denying said application is reaffirmed. Such an excursion rate is held discriminatory to the passenger who does not intend to enter the amusement park. In the case of the latter the round trip fare would be 36 cents for transportation, while the person entering the park on such an excursion fare would be transported for 26 cents. What a passenger plans to do in connection with a nonutility facility entirely separate and distinct from the strictly transportation service and after such service has been concluded can not, in the Commission's opinion, become the basis for a discrimination in rates. This Commission is of the opinion that such rates should be tested by the general principles upon which nonexcursion rates are tested, and must therefore refuse to allow the filing of the rates proposed.

BY THE COMMISSION.

**OPINION ON PETITION FOR REHEARING.**

The application of the Key System Transit Company, above entitled, was denied on September 11, 1924 (Decision No. 14042), and on September 30, 1924, that company filed its petition for rehearing, alleging several grounds upon which it predicates a contention that the order denying the application is contrary to law.

We are of the opinion that no good cause for rehearing has been made to appear in said petition, and therefore shall deny the same, but in order that the position of this Commission in connection with this matter may be properly understood by all parties, we desire to state that we can not admit, in any sense, the contention of applicant that rate questions such as the one presented in this proceeding, dealing with matters the administration of which has been specifically vested in this Commission under the constitution and laws of this state, become questions not within our jurisdiction to determine merely because no formal opposition to the rate application appears at the hearing thereon. We, therefore, can not consider well taken the position that, as alleged in the petition for rehearing, this Commission had in this proceeding "no question before it which it was competent to determine." On the contrary, it is our opinion that the application of legal, administrative and regulatory principles to facts presented in rate proceedings of this particular character is one of the essential and characteristic functions of this Commission. In the present instance, in which the basic facts are uncontroverted, it would appear that the sole function of the Railroad Commission is the application to those facts of certain well known rate-making principles. It is but one of the many instances in which we are called upon to interpret the facts that have been presented to us, and to apply to them rules of law or administration in the interest of the public good.

This is a proceeding in which applicant seeks to file certain alleged "excursion rates." By section 21, article XII, of the constitution of this state, we are empowered to authorize the issuance of tickets at such rates. A strictly transportation excursion rate is, therefore, without question, lawful and proper, and the filing of such rates has been authorized by this Commission in numerous instances. The propriety of rates of this character is, however, to be tested by general rate-making principles, among the most important of which is that which forbids the assessing of any rate which produces an undue discrimination, and it is provided by the Public Utilities Act (Sec. 67) that the existence or non-existence of such discrimination is a question of fact upon which the Commission's findings and conclusions shall be final. This was specifically recognized by the Supreme Court of this state in the case of

35-33193

*Live Oaks W. Users' Ass'n. vs. Railroad Commission*, 66 C. D. 408 (decided September 21, 1923), in which the court, speaking through Mr. Justice Seawell, said:

The above cited article of the constitution (Art. XII, Sec. 23) and sections of the Public Utilities Act (Secs. 67 and 17b) are conclusive upon the question that the Railroad Commission's decision and order in the instant case on the question of discrimination and classification is not subject to annulment by this court.

Section 17 (b) of the Public Utilities Act provides the basic principles under which this Commission operates in connection with the problems here under consideration, and it was our opinion at the time of the issuance of our order denying this application, and is now our opinion, that the rates proposed by this application are indefensible when tested by fundamental rate-making principles. While it may be true, as alleged in the petition for rehearing, that these rates would not produce more than a technical discrimination between persons traveling from San Francisco to Idora Park over applicant's ferry and Key System trains and persons traveling to the park from points in the east bay district over applicant's street railway system, it nevertheless remains a fact, in our opinion, that an undue discrimination will result between passengers traveling on the proposed round trip excursion rate, including admission ticket to Idora Park, of 36 cents from San Francisco to applicant's station at Fifty-fifth street and Telegraph avenue, Oakland, and other passengers traveling from San Francisco to the same station over the same route and in the same conveyances who are to be charged the same sum for the transportation alone. The discrimination arises between persons who propose to utilize the independent amusement facility of Idora Park and those who do not propose to utilize that facility. Excursion rates or fares should, in our opinion, cover solely the transportation service rendered by the carrier itself. The principle was declared in the Interstate Commerce Commission tariff circular ruling quoted in our Decision No. 14042 above mentioned, and has universally been recognized by regulatory bodies. It has been restated, in substance, in Conference Ruling No. 28 of the Interstate Commission, as follows:

*Twenty-eight Tickets for Transportation and Meals, Hotel Accommodations, etc.* A carrier publishes a tariff offering certain transportation fares and rates for personally conducted tours with tickets to cover meals, hotel accommodations, etc., and declines to sell the transportation ticket to any one who does not also purchase the tickets covering meals and hotel accommodations: *Held*, that the two matters must be kept separate, and carriers may not decline to sell such transportation without tickets for meals and hotel accommodations.

The proposed rate, being in the same amount per passenger as that now in effect for ordinary business, could not be classed as an excursion rate were it not for the fact that applicant intends to pay to the amusement park its admission fee of ten cents (10¢) in the case of passengers traveling under the so-called excursion tariff. Applicant thus, in effect,

proposes to charge passengers who desire to visit the amusement park the sum of twenty-six cents (26¢) for a round trip, and other passengers who do not desire to use this separate facility the sum of thirty-six cents (36¢) for the identical transportation service. This also appears from applicant's petition for rehearing, in which it is declared that,

The record in this case shows that petitioner sells its transportation for the sum of twenty-six (26) cents, and in connection therewith it sells a ticket of admission to Idora Park for the sum of ten (10) cents. The sale of the admission ticket is made as the agent of Idora Park and petitioner has never become beneficially interested in such proceeds.

Whether or not the transportation company itself owns or controls the amusement park, hotel, or other nontransportation facility can not, of course, be the criterion. Applicant serves this amusement park from its station at Fifty-fifth street and Telegraph avenue, Oakland, and there could be no objection to the carrier acting as agent for the amusement park in selling tickets of admission thereto, provided that no passenger is refused the excursion rate to the carrier's station because he does not purchase a ticket to the amusement park.

Enough has been said in our former opinion in this matter to show the basis for our conclusion that the fundamental factors of discrimination are present in the instant case. The passenger who does not intend to patronize the amusement park, and whom it is proposed to charge thirty-six cents (36¢) for a round trip to Fifty-fifth street and Telegraph avenue would in most instances ride in the same conveyances over the same route and under conditions similar in every respect to those which would apply to the passenger who, after leaving the car at Fifty-fifth street and Telegraph avenue, proposes to cross the street and enter the amusement park. What a passenger plans to do in connection with a nonutility facility entirely separate and distinct from the strictly transportation service and after such service has been concluded can not, in our opinion, become the basis for a discrimination in rates.

This Commission is empowered by the constitution (Sec. 21, Art. XII) to authorize the issuance of excursion tickets at special rates. It is of the opinion that such rates should be tested by the general principles upon which nonexcursion rates are tested, and must therefore refuse to allow the filing of the rates proposed in this application.

#### ORDER.

Petition for rehearing having been filed in the above entitled matter by the Key System Transit Company and no good cause therefor appearing;

*It is hereby ordered*, that said petition for rehearing be and the same is hereby denied.

Dated at San Francisco, California, this third day of November, 1924.

## DECISION No. 14241.

POSTAL TELEGRAPH-CABLE COMPANY, A CORPORATION,

vs.

PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION.

Case No. 1362.

Decided November 6, 1924.

*Willard P. Smith, and Walthon C. Webb, for Complainant.*  
*C. P. Catten, for Defendant.*

BY THE COMMISSION.

**THIRD SUPPLEMENTAL OPINION AND ORDER.**

This Commission on August 2, 1924, in its Decision No. 13863, in this proceeding, ordered Postal Telegraph-Cable Company to submit to the Commission for approval, plans for the relocation of its communication circuits between the cities of Elmira and Davis, and for the relocation of its circuits in the vicinity of the town of Vandeen, the same to be submitted to this Commission within a period of sixty (60) days from the date of that order. The period for the filing of these plans was subsequently extended, upon request of the complainant, to and including December 1, 1924.

On the ninth day of October, 1924, the Postal Telegraph-Cable Company filed with the Supreme Court of this state a petition for a writ of review under the provisions of section 67 of the Public Utilities Act, alleging that our said order is without the jurisdiction of this Commission and asking that the court review and annul that portion of said order which directs the cost of line changes mentioned therein to be borne equally by Postal Telegraph-Cable Company and Pacific Gas and Electric Company, and asking also that the proceedings under said order be in the meantime stayed.

The writ of review asked for in said petition was granted by the Supreme Court on October 20, 1924, and was made returnable before the court at Sacramento on the twenty-fourth day of November, 1924. No stay was granted by the court. Since the date of the issuance of said writ, and notwithstanding said proceedings now pending in the Supreme Court of this state, Postal Telegraph-Cable Company did, on the twenty-fifth day of October, 1924, file with this Commission proposed plans for the relocation of its communication lines under and in accordance with, and in compliance with our said order and Decision No. 13863. Inasmuch as by this action and its failure to press its petition for a stay of this order before the Supreme Court, it is apparent that Postal Telegraph-Cable Company recognizes that a compliance with our said order and Decision No. 13863, will in fact accomplish the results desired by it in mitigation of the inductive interference now

suffered by it. These plans contemplate relocating the communication circuits to a new location along adjoining highways between the cities of Elmira and Davis, and in the vicinity of the town of Vandeen, to a new location along the opposite side of the Southern Pacific Company's right of way. This proposal of the Postal Company for the relocation of its circuits will, in our opinion, mitigate the inductive interference which it is now experiencing due to the close proximity of the communication circuits with the paralleling power circuits.

Postal Telegraph-Cable Company has advised this Commission that it is now ready to commence the relocation of its lines, and there appears no good reason why it should not do so immediately.

In order that this Commission might be kept informed regarding the progress of this work, Postal Telegraph-Cable Company should submit to the Commission a monthly report of the work performed, together with a statement of the expenses incurred. Upon the completion of the relocation of its circuits involved in this proceeding, Postal Telegraph-Cable Company should then submit to the Commission a detailed statement covering all expenses incurred.

#### ORDER.

Postal Telegraph-Cable Company having submitted, on October 25, 1924, plans for the relocation of its communication circuits between Elmira and Davis, and also within the vicinity of the town of Vandeen, and it appearing to this Commission that these plans meet the conditions of the order of Decision No. 13863, and there appearing no reason why complainant should not commence immediately to relocate its lines in accordance with its plans herein submitted;

*It is hereby ordered*, that Postal Telegraph-Cable Company

(1) Remove its circuits now existing between Elmira and Davis, and relocate the same in a new position along adjoining highways, as shown in Exhibit No. 1, attached hereto.

(2) Remove its communication circuits now existing in the vicinity of the town of Vandeen, within that section where its circuits parallel the power circuits of the Pacific Gas and Electric Company on the same side of the Southern Pacific Company's right of way, and relocate the same in a new position along the southerly side of Southern Pacific Company's right of way.

(3) Commence the work involved in complying with sections (1) and (2) above, within ten (10) days of the date of this order.

(4) Commencing December 31, 1924, and monthly thereafter, submit to this Commission a report of progress of work performed and a statement of the expenses incurred in connection with the relocation of its lines.

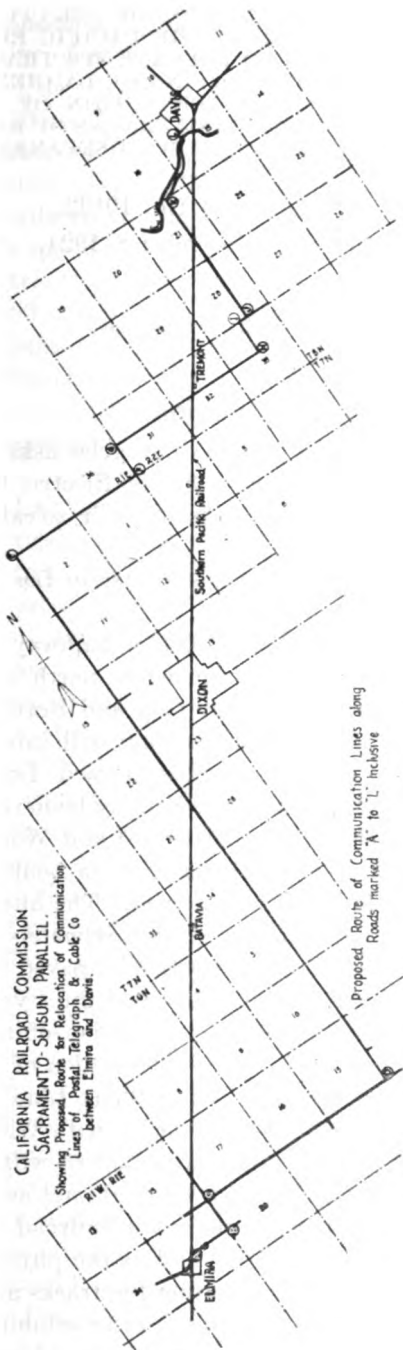
(5) Submit to this Commission, upon the completion of the relocation



of the circuits herein involved, a detailed statement covering all the expenses incurred in connection with the relocation of the lines herein involved, within thirty (30) days after the construction work is completed.

Dated at San Francisco, California, this sixth day of November, 1924.

EXHIBIT NO. 1.



## DECISION No. 14244.

IN THE MATTER OF THE APPLICATION OF THE CITY OF LOS ANGELES FOR AN ORDER REQUIRING THE PACIFIC ELECTRIC RAILWAY COMPANY TO AT ONCE SO ELEVATE ITS TRACKS AS TO ESTABLISH AN UNDERGRADE CROSSING OF LA CIENEGA BOULEVARD, IN SAID CITY, AT THE INTERSECTION OF SAID BOULEVARD WITH THE VENICE SHORT LINE TRACKS OF SAID RAILWAY, AND TO APPORTION THE COSTS OF SUCH SEPARATION OF GRADES.

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Application No. 10192.

Decided November 8, 1924.

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*Milton Bryan*, for City of Los Angeles.

*Frank Karr*, for Pacific Electric Railway Company.

BRUNDICE, *Commissioner*.

## OPINION.

In this application the city of Los Angeles asks permission to construct La Cienega boulevard across Pacific Electric Railway Company's right of way and under the tracks of their so-called "Venice Short Line."

A public hearing was held in this matter in Los Angeles September 30, 1924.

La Cienega boulevard, a new 100-foot highway in the city of Los Angeles, is to be opened to accommodate north and south vehicular traffic to the district east of Culver City and Beverly Hills, and when completed according to the present plan, will intersect the following important vehicular arteries leading toward Los Angeles: Sunset boulevard, Santa Monica boulevard, Beverly boulevard, Wilshire boulevard, Country Club drive, Pico boulevard and Washington boulevard. South of Washington boulevard, La Cienega boulevard is planned to connect with the Inglewood Canyon road. The ultimate length of this highway is about six miles, but only approximately 75 per cent is now open to travel, of which only a portion is paved at this time. It is estimated that it will take between two and three years to complete the opening and paving of the remaining portion of this highway.

The crossing applied for is at the intersection of the Pacific Electric Railway Company's so-called "Venice Short Line," with La Cienega boulevard between the latter's intersection with Washington boulevard and Pico boulevard. As La Cienega boulevard will undoubtedly carry a very large vehicular traffic when finished, and as the "Venice Short Line" is an important interurban electric railroad with frequent train movements at high rates of speed, and as the physical conditions lend themselves quite favorably to elevating the tracks at La Cienega boulevard, it is evident that if a crossing is to be established here it should be effected by raising the tracks of the railroad and constructing the highway underneath.

There is no crossing at this time over the railway in the vicinity of La Cienega, and unquestionably in the near future there will be an urgent public necessity of at least one crossing in the vicinity of the one proposed here, as the adjacent territory is being subdivided and improved, and in addition La Cienega boulevard will afford a connection between the highways named above and should carry a large amount north and south through traffic in this vicinity which would otherwise cross the railway at grade.

Applicant estimates the total cost of the improvement to be \$165,580, while the Pacific Electric Company presented an estimate which showed the cost to be \$190,893. Mr. W. L. Pollard, general manager of the T. J. Lawrence Company and manager of the trust company owning Tract 6447 in which this crossing occurs, testified that his company had set aside \$25,000 to be contributed to assist in defraying the expense of the proposed grade separation. The suggested plan for effecting this grade separation is to elevate the track over a distance of 2220 feet. At the intersection of La Cienega boulevard the track is to be supported by means of a reinforced concrete viaduct, the total length of which is approximately 750 feet. At either end of the viaduct the track is to be constructed on an earth fill with a maximum grade of  $1\frac{1}{2}$  per cent. This plan complies with the Commission's General Order No. 26 with respect to vertical clearance. Due to the fact that the district in the vicinity of this proposed crossing is comparatively low ground, it does not appear practical to depress the roadway more than two or three feet, as the underground water would undoubtedly make it necessary to maintain pumping equipment. In general, the plans for the proposed improvement appear to be the most economical method of effecting the grade separation. This plan will, however, interpose approximately thirteen feet of rise and fall on the railroad and will, to some extent, adversely affect railroad operations.

Pacific Electric Railway Company is not opposed to granting applicant an easement to cross its right of way with an undergrade crossing, but contends that it should not bear any portion of the expense of the improvement other than the cost of replacing any track material that may be necessary to replace the materials now in use.

In support of its contention, the railroad recites that when it has been called upon to provide separated grade crossings incident to the construction of new lines of railroad, it has been assessed with the entire cost of such work, and contends therefore, that when a new highway requiring a grade separation, as in this case, is to be built, the entire cost of the structure should similarly be borne by the applicant.

We are not convinced as to the validity of the railroad's argument. A line of railroad is primarily constructed for the purpose of engaging in that business for profit. The establishment of such a line of railroad

becomes, of itself, a barrier to what would otherwise be a free and safe means of access for vehicular travel between the two portions of the territory divided by the railroad, and which, by the construction of the railroad, becomes limited.

It is a well established principle that the railroad incurs an obligation to reduce to a minimum the hazard at any of the crossings of the established lines of travel of the public, and the obligations of a carrier to participate to the extent of 50 per cent of the cost of completely eliminating such grade crossings at established highways has become almost customary; nor is the railroad's obligation decreased in such a case because of the fact that highway traffic development has increased, subsequent to the establishment of a railroad, to such an extent that grade crossing elimination, which originally was not justified, later becomes necessary.

It is thus evident that the railroad's obligation to provide reasonably safe access across its tracks is a continuing obligation, and, it can not expect to wholly escape the burden of providing safe highways, in addition to those already constructed at the time of the original railroad construction, when development of the community it serves demands such additional highways. In the present case, the evidence shows that the development in the territory under consideration has reached a stage where an additional highway will, in the near future, be necessary, and for the reasons above indicated, some portion of the cost of separating the grades at this new highway crossing should equitably be borne by the railroad.

After reviewing all the evidence in this case, it is our judgment that an equitable apportionment of the cost, providing for a separated grade crossing at La Cienega boulevard with the Venice Short Line of the Pacific Electric Railway, would be to assess 75 per cent of the cost of this work to the applicant and 25 per cent of the cost to the railway; applicant, however, to pay the entire cost of paving the roadway through the structure.

There appears to be some uncertainty as to when the La Cienega boulevard improvement will have progressed to such a stage that grade separation should be undertaken. In view of this uncertainty as to time, it appears that in the present order it would be unwise to make any definite limitation as to the time within which this work should either be commenced or finished. This order will, therefore, be in the nature of a preliminary order, setting forth the findings of the Commission as to the kind of crossing that should be installed, when a crossing is required, and the apportionment of the cost thereof. A final order in this proceeding, specifying the limits of time within which this work shall be commenced and finished, will be rendered at a later date

either upon representation of any interested party, or when it appears to the Commission that the general improvement of the La Cienega boulevard project has progressed to such a point that a reasonably definite time limit can be established.

The following form of order is recommended:

#### ORDER.

The city of Los Angeles having filed the above entitled application with the Commission for permission to construct an undergrade crossing of La Cienega boulevard at its intersection with Pacific Electric Railway Company's so-called "Venice Short Line" in the city of Los Angeles, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that if and when La Cienega boulevard shall be constructed across the Venice Short Line of Pacific Electric Railway in the location shown on map marked Exhibit "A" attached to the application, a grade separation shall be effected by carrying the tracks of said Pacific Electric Railway above said La Cienega boulevard, in accordance with the plan filed in this proceeding as Exhibit "C," and subject to the following conditions:

1. The proposed grade separation shall be constructed in accordance with detailed plans which shall be submitted to and be approved by this Commission.

2. The cost of the grade separation, exclusive of paving, shall be borne: Seventy-five per cent (75%) by applicant and twenty-five per cent (25%) by Pacific Electric Railway Company. The cost of paving shall be borne by applicant. The maintenance of the tracks and the supporting structure shall be borne by Pacific Electric Railway Company. The roadway and drainage shall be maintained at the expense of applicant.

3. Construction work on this grade separation shall not be started until subsequent order is issued by this Commission, specifying the date on which such work shall be started, and the length of time within which it shall be completed, providing, however, that such date and time may be changed by the Commission, if circumstances require such action.

4. The Commission reserves the right to make such further order relative to location, construction, operation, maintenance and protection of said undergrade crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, public convenience and necessity demand such action.

This order shall become effective twenty (20) days after the making thereof.

The foregoing opinion and order are hereby approved and ordered

filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighth day of November, 1924.

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DECISION No. 14246.

IN THE MATTER OF THE APPLICATION OF THE CALIFORNIA HIGHWAY COMMISSION FOR AN ORDER AUTHORIZING THE CROSSING OF THE TRACKS OF THE SACRAMENTO NORTHERN AND THE INSTALLATION AND CONSTRUCTION OF A STRUCTURE TO CARRY THE TRACKS OF THE SACRAMENTO NORTHERN OVER THE STATE HIGHWAY IN THE TOWN OF WASHINGTON, YOLO COUNTY.

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Application No. 10356.

Decided November 8, 1924.

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*Paul F. Fratessa*, for Applicant.

*Chas. R. Detrick* and *Theodore W. Chester*, for Sacramento Northern Railroad.

WHITTLESEY, *Commissioner*.

OPINION.

In this application, the California Highway Commission asks for an order authorizing the construction of a state highway under the tracks of Sacramento Northern Railroad, in the town of Washington, Yolo County, and apportioning the cost thereof.

A public hearing was held on this application in Sacramento, September 16, 1924.

The proposed undergrade crossing is located as shown in applicant's Exhibit "A" under the Woodland Branch of said railroad, about 800 feet northerly from the existing timber subway under said railroad at Fifth street in the town of Washington, through which the state highway traffic at present is routed. The proposed crossing is also about 2000 feet westerly from the west end of the M street bridge across the Sacramento River.

The proposed crossing is on the state highway route 6 between Sacramento and Davis. This route carries the major portion of the travel between the bay cities and Sacramento. In entering Sacramento, state highway traffic traverses the causeway and pavement from Davis to a point south of the proposed undercrossing, where it turns easterly parallel to the railroad to Fifth street in the town of Washington, where it again turns at right angles northerly along Fifth street through the existing subway under said railroad and thence easterly to a connection with the Southern Pacific Company's Sacramento River bridge and the so-called I street entrance into Sacramento.

The proposed relocation of the highway will start at the end of highway tangent westerly of the proposed undercrossing. This tangent is

to be extended across the railroad tracks where it turns easterly and runs parallel, adjacent to and north of the railroad right of way to the M street bridge, which is to be used as an entrance into Sacramento in lieu of the I street entrance mentioned above. The M street bridge across the Sacramento River is of the draw-span type with a single track of the Sacramento Northern in the center and a one-way roadway on each side of the track.

This proposed location of the highway will materially shorten the distance and eliminate numerous right-angle curves on entering or leaving Sacramento.

The existing subway is a timber structure built in about 1911 and is in such poor condition that its renewal is necessary in the immediate future. Not only is it in need of renewal, but it is entirely inadequate to handle the present volume of highway traffic of from 2500 to 4500 vehicles per day, as it is only about 14 feet wide in the clear. To accommodate the present vehicular traffic and to make reasonable allowance for increase in future traffic growth, it should be replaced by a subway such as the one proposed by the Highway Commission.

It is a fact that the public convenience and necessity require a crossing of increased capacity, and the question immediately arises as to whether it will be better to relocate the subway or to enlarge it at its present location. By relocating the subway, the alignment of the highway will be very materially bettered and the hazard to the users of the highway will be very greatly reduced.

In this application, it is proposed to substitute a permanent, adequate structure of concrete and steel construction, having a clear width of 35 feet for the existing structure which is inadequate for present highway traffic and which also needs immediate renewal. It was estimated by applicant that the cost of the subway, as proposed, would be approximately \$27,750, exclusive of roadway paving. The accuracy of this estimate was not questioned.

The evidence clearly indicates that public convenience and necessity require that the subway be constructed at the location proposed, replacing the existing structure.

The division of cost of the project will now be considered. In view of the testimony introduced in this proceeding, it is very probable that if this application had not been filed by the Highway Commission, formal action as to the condition and adequacy of the existing grade separation would of necessity have been inaugurated either by the Commission through its own motion or by formal complaint on the part of other parties. Under a similar proceeding, such as the renewal of the grade separation near Willits on the Northwestern Pacific Railroad (Application No. 8354, Decision No. 11643) the cost of installing an adequate and suitable subway was assessed on the basis of original



work, 50 per cent to the railroad company and 50 per cent to the Highway Commission. Such an apportionment would appear equally reasonable in this case, except for the following factor:

Evidence was introduced showing that on September 11, 1924, 59 vehicles, and on September 15, 1924, 80 vehicles, using the existing subway in an eastbound direction, crossed the M street bridge and the existing grade crossing at the west end of the bridge, in reaching Sacramento. It is contended by the railroad that if the highway is changed to the proposed location, a very decided increase in eastbound traffic will develop over its tracks at the west end of M street bridge and that an ultimate increase in hazard will accrue to the railroad. This condition as a probable result of the relocation of the highway should be considered as having practically the same effect on the apportionment of the cost as has been considered in proceedings where existing grade crossings have not been closed to travel upon the construction of new subways in their vicinity.

It is expected, however, that this condition will be relieved in a few years, either by the opening of an additional road along the south side of the track to the highway, or the building of a new and different type of bridge across the Sacramento River at M street.

Considering all the conditions in this case, it appears equitable that the railroad should pay 25 per cent of the cost of the new structure and the applicant 75 per cent of the cost exclusive of the cost of paving the roadway, which should be paid for by the applicant.

The following form of order is recommended:

#### ORDER.

The California Highway Commission, having applied to the Commission for an order authorizing the construction of an undergrade crossing under the tracks of Sacramento Northern Railroad, in the town of Washington, Yolo County, and dividing the cost thereof, a public hearing having been held, the matter being under submission and ready for decision;

*It is hereby ordered*, that the California Highway Commission be and they are hereby authorized to construct an undergrade crossing under the tracks of Sacramento Northern Railroad in the town of Washington, County of Yolo, State of California, substantially in accordance with the plan marked Exhibit "A," attached to the application, subject to the following conditions, and not otherwise:

(1) All clearances shall conform with the Commission's General Order No. 26.

(2) Applicant shall, within thirty (30) days thereafter, notify the Commission of the installation of said crossing.

(3) If said crossing shall not have been installed within one year

from the date of this order the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

*It is hereby further ordered*, that seventy-five per cent (75%) of the cost of constructing said undergrade crossing, excluding paving, shall be borne by applicant, and that the Sacramento Northern shall pay twenty-five per cent (25%) of the cost of construction. Cost of road-way paving shall be borne by applicant.

*It is hereby further ordered*, that the Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it, in its judgment, may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective ten (10) days after the making thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighth day of November, 1924.

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DECISION No. 14249.

IN THE MATTER OF THE APPLICATION OF SAN GORGONIO POWER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK AND BONDS.

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Application No. 10509.

Decided November 8, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission by Decision No. 14175, dated October 16, 1924, authorized San Gorgonio Power Company to issue and sell on or before December 31, 1924, \$5,000 of bonds and use the proceeds to pay in part the following expenses:

To pay amounts representing materials purchased.....	\$3,000 00
To cover lower canal.....	5,000 00
To construct steel by-pass from tank No. 2.....	3,000 00
To complete storm control dams.....	12,000 00
To construct fire breaks and trails.....	6,000 00
To pay interest.....	14,000 00
Miscellaneous .....	3,680 56
<b>Subtotal .....</b>	<b>\$46,680 56</b>
To pay excess cost of plants constructed.....	39,027 90
<b>Total .....</b>	<b>\$85,708 46</b>

The company now has advised the Commission that it will not use any of the proceeds obtained from the sale of the bonds to refund interest payments. It therefore asks the Commission to modify its order and make a finding that the company may use the proceeds obtained from the sale of the bonds for the purposes specified in the Commission's order and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

The Commission has considered applicant's request and believes that the order in Decision No. 14175, dated October 16, 1924, should be modified, as herein provided;

The San Geronio Power Company having applied to the Railroad Commission for permission to use \$5,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of bonds is reasonably required by applicant for the purpose or purposes specified in this order, and that such purpose or purposes are not in whole or in part, reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that the San Geronio Power Company be and it is hereby authorized to issue and sell on or before December 31, 1924, \$5,000 of its 7 per cent bonds and use the proceeds to pay in part the cost of the following improvements:

To pay amounts representing materials purchased.....	\$3,000 00
To cover lower canal.....	5,000 00
To construct steel by-pass from Tank No. 2.....	3,000 00
To complete storm control dams.....	12,000 00
To construct fire breaks and trails.....	6,000 00
To finance excess cost of plants.....	30,027 90
Miscellaneous .....	3,680 56
Total .....	\$71,708 46

Provided, that only such costs as are properly chargeable to fixed capital accounts under the uniform system of accounts prescribed by the Railroad Commission may be paid through the use of the proceeds obtained from the sale of the \$5,000 of bonds.

*It is hereby further ordered*, that the order in Decision No. 14175, dated October 16, 1924, shall remain in full force and effect, except as modified by this first supplemental order.

Dated at San Francisco, California, this eighth day of November, 1924.

## DECISION No. 14258.

IN THE MATTER OF THE APPLICATION OF SANTA MONICA BAY TELEPHONE COMPANY FOR AUTHORITY TO CREATE A BONDED INDEBTEDNESS OF TEN MILLION DOLLARS, TO EXECUTE A DEED OF TRUST TO SECURE THE SAME, TO PURCHASE PROPERTY, TO ISSUE STOCK AND BONDS FOR CASH AND PROPERTY, AND TO OPERATE UNDER VARIOUS FRANCHISES; AND OF SANTA MONICA BAY HOME TELEPHONE COMPANY FOR AUTHORITY TO SELL ITS PROPERTY FOR STOCK OF SANTA MONICA BAY TELEPHONE COMPANY.

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Application No. 10412.

Decided November 14, 1924.

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*Mott and Vallee*, for Applicants.

BY THE COMMISSION.

**OPINION.**

The Railroad Commission is asked to make an order—

(a) Authorizing Santa Monica Bay Home Telephone Company to sell all of its properties to the Santa Monica Bay Telephone Company and authorizing the former company to withdraw from and the latter company to engage in the telephone business in the territory covered by the telephone system of Santa Monica Bay Home Telephone Company.

(b) Authorizing Santa Monica Bay Telephone Company to execute a mortgage or deed of trust and issue \$836,000 of bonds.

(c) Authorizing Santa Monica Bay Telephone Company to issue \$650,000 of common stock, plus such additional common stock as may be equal in par value to the cost of additions and extensions from July 1, 1924, to the date of the transfer of the properties and accounts receivable on the date of the transfer of the properties.

(d) Authorizing the Santa Monica Bay Telephone Company to issue and sell \$125,000 par value of 7 per cent cumulative preferred stock.

Reference will hereafter be made to the purposes for which the Santa Monica Bay Telephone Company intends to issue its stocks and bonds.

The Santa Monica Bay Home Telephone Company has an authorized stock issue of \$500,000, of which \$263,000 is outstanding. Its bonded debt outstanding amounts to \$497,500 and its mortgage notes to \$14,833.33, making a total secured debt of \$512,333.33. The outstanding bonds of the Santa Monica Bay Home Telephone Company bear interest at the rate of 5 per cent per annum and mature in 1937. In addition to the secured debt to which reference has been made, the company as of September 30, 1924, reports \$184,446.68 of notes payable, \$100,308.92 of audited vouchers payable, and \$969.85 of trade acceptances payable, making a total current debt of \$285,725.45. It reports

advances for extensions at \$35,661.61. Its various reserves aggregate a total of \$232,739.91 and consist of the following:

Reserve amortization bond interest.....	\$2,467 89
Reserve bond interest.....	11,258 20
Reserve bad debts.....	1,200 00
Reserve taxes.....	5,927 35
Reserve 1923 income tax.....	1,545 84
Reserve 1924 income tax.....	4,637 70
Reserve accrued depreciation.....	194,477 95
Reserve redemption of bonds.....	11,224 98
	<hr/>
	\$232,739 91

As of September 30, 1924, the company reports a surplus of \$92,924.66. All of the surplus and the reserves have been temporarily invested in the company's properties.

For the years 1922 and 1923 and the first nine months of 1924 the Santa Monica Bay Home Telephone Company reports operating revenues, operating expenses and other income, disbursements and gross income as follows:

Item	1922	1923	9 months, 1924
Telephone operating revenues.....	\$179,568 06	\$216,379 84	\$199,838 87
Telephone operating expenses.....	111,642 30	137,047 57	150,326 96
Net telephone operating revenue.....	\$67,925 76	\$79,332 27	\$49,511 91
Uncollectible operating revenue.....	657 57	2,469 94	1,825 79
Taxes assignable to operations.....	11,677 67	13,912 11	10,727 15
Deductions from revenue.....	\$12,335 24	\$16,382 05	\$12,552 94
Operating income.....	55,590 52	62,950 22	36,958 97
Nonoperating income.....	10,164.58	11,316 14	-----
Gross income—amount available for interest, dividends, etc.....	\$65,755 10	\$74,266 36	\$36,958 97

The operating expenses for 1922 include \$45,922.67 for depreciation, those for 1923 the sum of \$52,790.30 and those for 1924 the sum of \$34,810.08.

There has been filed in this proceeding a valuation of the property of the Santa Monica Bay Home Telephone Company, such valuation having been prepared by A. L. Wilson. He reports the estimated reproduction cost new of the properties as of June 30, 1924, using present prices, at \$1,545,109.33 and the reproduction cost new less depreciation at \$1,429,183.21. On the historical basis he reports the estimated original cost at \$1,530,607.06 and the original cost, less depreciation, at \$1,417,043.06. A. L. Wilson estimates the accrued depreciation on the reproduction cost new basis at \$115,926.12 and on the historical basis at \$113,564. He testified that he had made no calculation of the amount that should be in the reserve for accrued depreciation but expressed an opinion that the amount would approximate \$115,000. The Santa Monica Bay Home Telephone Company in its balance sheet as of Sep-

tember 30, 1924 (applicant's Exhibit No. 2), shows a reserve for accrued depreciation of \$194,477.95. The record does not enable the Commission to reach a definite conclusion either as to the amount of the accrued depreciation or the amount that should be in the reserve for accrued depreciation. The Commission has therefore set aside the submission of this matter and has set this proceeding down for further hearing. It should be noted, however, in this connection that the Commission's order setting aside the submission and reopening this proceeding for further hearing in no way limits such further hearing to a consideration of the accrued depreciation or the reserve for accrued depreciation.

Santa Monica Bay Telephone Company was organized in July, 1924. It has an authorized stock issue of \$2,000,000, divided into 10,000 shares of common and 10,000 shares of preferred stock of the par value of \$100 per share. The preferred stock bears cumulative dividends at the rate of 7 per cent per annum. In the event of liquidation or dissolution the preferred stock shall be paid in full at par, plus accumulated unpaid dividends, before any payment is made on the common stock. All of the remaining proceeds shall be distributed amongst the holders of common stock. The corporation at its option may redeem all or any part of the outstanding preferred stock on any dividend payment at \$105 per share, plus accumulated dividends unpaid at the date of redemption.

Santa Monica Bay Telephone Company is to have an initial authorized bonded debt of \$10,000,000. Of this amount the company at this time asks permission to issue and sell \$836,000. The application shows that the \$836,000 of bonds are to bear interest at 6 per cent and are to be payable on September 1, 1944, and that the company at its option may redeem the bonds prior to maturity by paying the following premiums: Prior to or during the calendar year 1934, 5 per cent of the principal; in 1935,  $4\frac{1}{2}$  per cent; in 1936, 4 per cent; in 1937,  $3\frac{1}{2}$  per cent; in 1938, 3 per cent; in 1939,  $2\frac{1}{2}$  per cent; in 1940, 2 per cent; in 1941,  $1\frac{1}{2}$  per cent; in 1942 one per cent; in 1943, one-half per cent; in 1944 at par and accrued interest. Santa Monica Bay Telephone Company has not yet filed a copy of its proposed mortgage or deed of trust. The order herein will provide that no bonds may be delivered until the Commission has authorized the company to execute a mortgage or deed of trust to secure the payment of the bonds.

It is of record that the Pacific Telephone and Telegraph Company owns \$265,500 of the \$497,500 of outstanding 5 per cent bonds of the Santa Monica Bay Home Telephone Company which are a first lien on the properties of that company. The Santa Monica Bay Telephone Company asks permission to issue \$239,000 of its 6 per cent bonds to refund \$265,500 of 5 per cent bonds of Santa Monica Bay Home Tele-

phone Company owned by the Pacific Telephone and Telegraph Company. The refunding is being effected on about a 6 per cent basis. While the exchange of the bonds in the amounts and on the basis mentioned results in a small increase in the annual interest charge, the amount of bonds of Santa Monica Bay Home Telephone Company outstanding in the hands of the public will be reduced from \$497,500 to \$232,000. Upon the completion of the refunding, the total bonds outstanding will be \$471,000 as compared with the total of \$497,500 now outstanding. The \$471,000 consists of \$232,000 of 5 per cent first mortgage bonds of Santa Monica Bay Home Telephone Company and \$239,000 of 6 per cent refunding bonds of Santa Monica Bay Telephone Company.

Santa Monica Bay Telephone Company also asks permission to issue and sell at ninety-four and accrued interest \$597,000 of 6 per cent bonds and use the proceeds for the following purposes:

1. In part payment of the following liabilities—	
(a) Mortgage notes .....	\$14,833 33
(b) Trade acceptances .....	24,350 07
(c) Notes payable .....	100,446 97
(d) Vouchers audited payable .....	104,793 04
Total .....	\$304,424 01
2. To pay in part for additions, betterments, extensions and improvements described in Exhibit "C" .....	
	\$333,417 49
3. To refund in part the following liabilities assumed—	
(a) Reserve for amortization of bond discount .....	\$1,645 26
(b) Reserve for bond interest .....	5,239 50
(c) Reserve for taxes .....	7,003 42
(d) Reserve for income tax, 1923 .....	3,001 65
(e) Reserve for income tax, 1924 .....	3,001 80
(f) Reserve for bond redemption to January 1, 1924 .....	11,224 98
(g) Reserve for bond redemption from January 1, 1924, to September 1, 1924 .....	4,105 03
Total .....	\$36,001 65
Grand total .....	\$673,843 15

The expenditures referred to in Exhibit "C" are the following:

Material ordered .....	\$57,945 29
Material estimated .....	19,550 00
Sawtelle exchange .....	63,780 00
Ocean Park building .....	154,955 00
Trunk cable .....	37,187 20
Total .....	\$333,417 49

The \$36,001.65 represented by various reserves is said to have been invested in the properties of Santa Monica Bay Home Telephone Company which will be acquired by Santa Monica Bay Telephone Company, which assumes to pay the liabilities represented by such reserves. The \$36,001.65 constitutes part of the purchase price of the properties.

To refund, or pay in part, the liabilities to which reference has been

made, Santa Monica Bay Telephone Company asks permission to issue and sell at a net price of \$92 per share, 1250 shares (\$125,000 par value) of 7 per cent cumulative preferred stock. If the bonds and preferred stock are sold at the prices indicated, the company will realize \$676,180 as contrasted with \$673,843.15, representing debts to be refunded and the cost of additions and extensions. Any proceeds not needed for the purposes indicated in this opinion, may be expended only for such purposes as may be authorized by the Railroad Commission in a supplemental order or orders.

Santa Monica Bay Telephone Company asks permission to issue \$650,000 of common stock "together with stock issued at its par value for additions and extensions from July 1, 1924, to date of transfer and accounts receivable on the date of transfer" of the properties. The \$650,000 was apparently arrived at by deducting from the estimated reproduction cost new, less depreciation, reported by A. L. Wilson, the liabilities to be assumed. Inasmuch as a further hearing will be had in this matter and the question of accrued depreciation and the amount that should be in the reserve for accrued depreciation considered at such hearing, the Commission will not at this time authorize the issue of \$650,000 of common stock. The order herein will permit of the transfer of the properties and the issue of \$450,000 of common stock. Following the further hearing, an order will be entered increasing the amount of stock if the evidence justifies such an increase.

#### ORDER.

Santa Monica Bay Home Telephone Company having applied to the Railroad Commission for permission to sell all of its properties to the Santa Monica Bay Telephone Company and the latter company having asked permission to purchase such properties and to issue in payment for such properties, \$650,000 of common stock, together with such additional common stock which at its par value will be equal to the cost of additions and extensions from July 1, 1924, to the date of the transfer of the properties, and accounts receivable on the date of the transfer of the properties, and issue \$125,000 of preferred stock and \$836,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the Santa Monica Bay Telephone Company should at this time be authorized to issue \$450,000 of common stock, \$125,000 of preferred stock and \$836,000 of bonds for the purpose of acquiring the properties of Santa Monica Bay Home Telephone Company, to refund indebtedness and pay the cost of additions and extensions and that the money, property or labor to be procured or paid for by the issue of such stocks and bonds is reasonably required by the Santa Monica Bay Telephone Company and that the expenditures herein authorized are not in whole, or in



part, reasonably chargeable to operating expenses or to income; therefore

*It is hereby ordered, as follows:*

1. Santa Monica Bay Home Telephone Company may sell all of its properties to the Santa Monica Bay Telephone Company which is hereby authorized to acquire such properties, provided it will engage in the telephone business in the territory now covered by the telephone system of Santa Monica Bay Home Telephone Company. Upon the acquisition of the properties of Santa Monica Bay Home Telephone Company by Santa Monica Bay Telephone Company, the former company may withdraw from the telephone business.

2. The Santa Monica Bay Telephone Company may issue and sell at not less than par \$450,000 of its common stock and use the proceeds to pay, in part, the cost of the properties of Santa Monica Bay Home Telephone Company or deliver such stock at not less than par in part payment for such properties.

3. Santa Monica Bay Telephone Company may issue and sell at not less than \$92 per share net, 1250 shares (\$125,000 par value) of its 7 per cent cumulative preferred stock and use the proceeds obtained from the sale of such stock to refund in part the indebtedness referred to in the preceding opinion, or pay in part the cost of additions and extensions referred to in such opinion.

4. Santa Monica Bay Telephone Company may issue \$239,000 of 6 per cent bonds due September 1, 1944, to refund \$265,500 of 5 per cent bonds of the Santa Monica Bay Home Telephone Company.

5. Santa Monica Bay Telephone Company may issue and sell at not less than 94 per cent of face value and accrued interest \$597,000 of 6 per cent bonds due September 1, 1944, and use the proceeds to refund in part the indebtedness referred to in the preceding opinion, or to pay in part the cost of additions and extensions referred to in such opinion.

6. Any proceeds obtained from the sale of the preferred stock or bonds herein authorized to be issued and sold and not needed for any of the purposes mentioned in the foregoing opinion, may be expended by the Santa Monica Bay Telephone Company only for such purposes as the Railroad Commission may hereafter authorize by a supplemental order or orders.

7. Santa Monica Bay Telephone Company shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

8. The authority granted to issue bonds will not become effective until Santa Monica Bay Telephone Company has paid the fee pre-

scribed by section 57 of the Public Utilities Act, nor until the Commission has authorized the Santa Monica Bay Telephone Company to execute a mortgage or deed of trust to secure the payment of such bonds, nor until the Commission has been advised that Santa Monica Bay Home Telephone Company has complied with the sinking fund provisions of its mortgage or deed of trust.

9. The authority herein granted to transfer properties and to issue common and preferred stock will become effective upon the date hereof.

10. Under the authority herein granted, no stock or bonds may be issued, sold or delivered after June 30, 1925.

Dated at San Francisco, California, this fourteenth day of November, 1924.

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DECISION No. 14274.

IN THE MATTER OF THE APPLICATION OF THE HAINES CANYON WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS.

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Application No. 10584.

Decided November 21, 1924.

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*Evans, Pearce and Campbell, by W. H. Campbell, for Applicant.*

BY THE COMMISSION.

**OPINION.**

In this application Haines Canyon Water Company asks permission to issue and sell \$26,000 of its first mortgage bonds at not less than 93 per cent of face value plus accrued interest, and to use the proceeds to reimburse its treasury on account of moneys expended for extensions, additions and betterments during the period from December 1, 1923, to September 30, 1924.

Haines Canyon Water Company is engaged in the business of supplying water for domestic and other purposes to consumers in and about the unincorporated town of Tujunga, Los Angeles County. As of December 31, 1922, it reported 1124 consumers; as of December 31, 1923, 1477; and at present, approximately 1750.

The revenues and expenses of the company, for nine months ending September 30, 1924, and the years ending December 31, 1922 and 1923, have been reported to the Commission as follows:

Item	Nine months, 1924	1923	1922
Operating revenues-----	\$32,572 64	\$33,994 13	\$23,471 93
Operating expenses-----	19,005 23	21,415 34	19,023 43
Nonoperating revenues-----	\$13,567 41	\$12,578 79	\$4,448 50

Deduct---

Interest -----	\$5,300 52	\$2,100 00	\$2,100 00
Uncollectible bills -----		200 00	
Miscellaneous -----	1,630 94	601 63	500 26
Total -----	<u>\$6,940 46</u>	<u>\$3,000 72</u>	<u>\$2,600 26</u>
Balance for period -----	\$6,626 95	\$9,578 07	\$1,839 24

By Decision No. 12933, dated December 17, 1923, as amended by Decision No. 13530, dated May 7, 1924, the Commission authorized applicant to execute a mortgage to secure the payment of a total issue of \$250,000 of first mortgage twenty-year bonds, dated December 1, 1923. The order of the Commission permitted the company to issue, at that time, \$110,000 of bonds designated as series "A" and bearing interest at 7 per cent per annum. The present application involves the issue of \$26,000 of additional bonds to be designated series "B" and to bear interest at  $6\frac{1}{2}$  per cent per annum.

Applicant reports that it has made arrangements to sell its bonds at 93 per cent of face value plus accrued interest. It asks permission to use the proceeds to reimburse its treasury on account of moneys expended for extensions, additions and betterments from December 1, 1923, to September 30, 1924. During this period it reports expenditures for these purposes at \$34,684.15, as shown in some detail in Exhibit B attached to the application. It is of record that after reimbursement, the proceeds from the bonds herein applied for will be used to pay indebtedness, to maintain the cash position and to finance the cost of additional capital expenditures.

At the conclusion of the program outlined in this application the company will have \$136,000 of bonds and \$100,000 of common stock outstanding against its properties. In connection with Application No. 7593, in which matter the company asked for permission to increase rates, the engineering department of the Commission made an appraisal of the properties and estimated the original cost as of April 1, 1922, as \$172,867. By adding to this figure amounts expended for additions and betterments from April 1, 1922, to October 31, 1924, applicant in its Exhibit No. 1 reports its total investment in fixed capital as of October 31, 1924, as \$242,197.74.

#### ORDER.

Haines Canyon Water Company having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale of bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Haines Canyon Water Company be and it is hereby authorized to issue and sell on or before February 28, 1925, \$26,000 of its first mortgage series "B" 6½ per cent bonds.

The authority herein granted is subject to the following conditions:

1. Applicant may sell the bonds herein authorized at not less than 93 per cent of face value plus accrued interest and use the proceeds to finance in part the cost of the extensions, additions and betterments to its plants and properties referred to in Exhibit B.

2. Haines Canyon Water Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$26.

Dated at San Francisco, California, this twenty-first day of November, 1924.

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DECISION No. 14293.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S OWN MOTION OF THE RATES, OPERATIONS AND PRACTICES OF WEAVERVILLE ELECTRIC COMPANY.

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Case No. 2049.

Decided November 25, 1924.

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C. H. Edwards, for Weaverville Electric Company.

B. R. Brown, for Weaverville Highway Lighting District.

BY THE COMMISSION.

**OPINION.**

This is an investigation on the Commission's own motion into the electric rates, operations and practices of Weaverville Electric Company. The rates and service conditions of this company have, until the present time, never been formally before this Commission.

The Weaverville Electric Company was organized in 1893, direct current energy being generated in a small hydro-electric plant, and flat-rate lighting furnished in the town of Weaverville. In 1923 the distribution system was entirely rebuilt, the old power plant was abandoned as a source of supply and service from the Pacific Gas and Electric Company was secured. At the same time a metered service was inaugurated.

As a result of metered rates and the changed operating conditions, there has been a certain amount of dissatisfaction on the part of several

consumers. A voluntary reduction in rates on the part of the company failed to entirely remove this condition, and the company intimated to the Commission that a general investigation would be welcomed.

Hearing in this proceeding was held at Weaverville, October 29, 1924, testimony being introduced and the matter submitted for decision.

An estimate of historical reproduction cost of the properties as of October 31, 1924, was submitted by Mr. Charles Grunsky of the Commission's engineering department. The following table gives the valuation of the properties as appraised by Mr. Grunsky:

**TABLE NO. 1.**  
**Historical Reproduction Cost Appraisal, Weaverville Electric Company,**  
**Properties as of October 31, 1924.**

Organization expense .....	\$100 00
Poles and fixtures .....	1,564 00
Overhead system .....	2,133 00
Transformers and line devices .....	451 00
Services .....	689 00
Meters .....	1,452 00
Cottage at power plant .....	750 00
Office furniture and fixtures .....	100 00
Materials and supplies .....	100 00
<b>Total operative capital .....</b>	<b>\$7,289 00</b>

There being no question as to the reasonableness of the above appraisal, the amount \$7,289 will be used in the determination of a rate base for 1925. No consideration will be given in the rate base to that hydro-electric property held by Mr. Grunsky to be nonoperative. The record in this case clearly shows that past earnings have been sufficient to have retired this property, as well as the portion of the distribution system recently rebuilt, had a proper depreciation reserve been established. Such a depreciation reserve would not have caused the stockholders to receive less than a fair return.

To the operative capital as shown in Table No. 1 must be added a reasonable allowance for working cash capital and for capital expenditures becoming necessary in 1925. After due consideration, an allowance of \$400 for working cash capital and \$250 for additions to capital in 1925 are deemed reasonable.

The following table gives the summation of items entering into the rate base for 1925, as used in this decision:

**TABLE NO. 2.**  
**Summation of Items Entering Into Rate Base For Year 1925.**

Total operative capital (from Table No. 1) .....	\$7,289 00
Working cash capital .....	400 00
Allowance for additional capital expenditures during 1925 .....	250 00
<b>Total for 1925 rate base .....</b>	<b>\$7,939 00</b>

This company has never set aside a depreciation annuity. Testimony in the present case is to the effect that a depreciation annuity of \$200 is reasonable, and this figure will be used. In line with former decisions, it is the position of this Commission that this utility should account for the depreciation annuities which it will be permitted to collect from rates in the future. This also applies to interest upon the accumulated reserve, which must supplement these annuities if they are to be adequate.

Taxes have been estimated at \$350 for 1925, based upon a gross revenue of approximately \$4,700 during the calendar year 1924. This amount is reasonable and will accordingly be used.

Operating expenses, exclusive of taxes and depreciation, for the year 1925, were estimated by Mr. Grunsky to be \$3,850. This estimate includes cost of purchased power at \$950, which figure may safely be reduced to \$900 in view of additional information now available to the Commission.

The following is a tabulation of operating expenses for the year 1925, as they will be used in this decision :

**TABLE NO. 3.**  
**Estimated Operating Expenses Exclusive of Taxes and Depreciation.**  
**Weaverville Electric Company—Year 1925.**

Purchased power .....	\$900 00
Distribution expense .....	300 00
Commercial department expense .....	600 00
Salaries and expenses of general officers .....	1,700 00
Miscellaneous general expense .....	275 00
Repairs to general capital .....	25 00
<b>Total.....</b>	<b>\$3,800 00</b>

Gross operating revenue for 1924 will be slightly less than \$4,700. Indications point to a greater use of energy for lighting and power during the year 1925, and a gross revenue of \$4,900 may therefore be expected, if the present rates are continued in effect.

The following table sets forth the revenue and return which should result, assuming the present rates to apply to the conditions as herein estimated for the year 1925:

**TABLE NO. 4.**  
**Estimated Revenue, Expense, and Net Return.**  
**Weaverville Electric Company—1925 Estimate.**

Gross revenue .....	\$4,900 00
Operating expenses, Table No. 3.....	\$3,800 00
Taxes .....	350 00
<b>Total expenses .....</b>	<b>\$4,150 00</b>
Depreciation .....	200 00
	<b>4,350 00</b>
<b>Net for return .....</b>	<b>\$550 00</b>

Rate of return on rate base of \$7,930, 7 per cent.

The Commission has held in a number of instances that 8 per cent was a reasonable return on capital investment. In the present instance, rates yielding an 8 per cent return would be higher than the consumers could reasonably be expected to pay, and a return of 7 per cent, as indicated in Table No. 4, is therefore found to be reasonable. The rate schedules set forth in the order accompanying this opinion would have resulted in such a return for the past year and with a normal increase in the use of electricity in the community a more liberal return will be received.

The existing lighting schedule is somewhat out of proportion to the cost of service. The new schedule for lighting provides for a higher minimum charge and substantial reduction in cost to those consumers using larger quantities of energy. Street lighting rates and heating and cooking rates are reduced. The general power schedule is revised without change in rate to any present power consumer.

#### ORDER.

The Railroad Commission having made, upon its own motion, an investigation into the electric rates, operations and practices of Weaverville Electric Company, a public hearing having been held, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that the electric rates of Weaverville Electric Company are unjust, unreasonable and discriminatory, in so far as they differ from the electric rates hereinafter set forth, which are declared to be just and reasonable rates.

Basing its order upon the foregoing finding of fact and the findings of fact in the opinion preceding this order;

*It is hereby ordered, that:*

(1) Weaverville Electric Company charge and collect for electric service now supplied under filed schedules, the rates set forth in Exhibit A attached hereto and made a part hereof.

Such rates to be filed with this Commission on or before December 20, 1924, and to become effective for metered service with bills based upon regular meter readings taken on and after December 20, 1924, and for flat rate service delivered on and after December 1, 1924.

(2) Each year, beginning with the calendar year 1925, Weaverville Electric Company account to its reserve for accrued depreciation for an annuity calculated in accordance with the principles followed in the opinion preceding this order, and also for interest at the rate of 6 per cent per annum upon the balance of the reserve for accrued depreciation on the first day of each year.

(3) The effective date of this order be December 1, 1925.

Dated at San Francisco, California, this twenty-fifth day of November, 1924.

**EXHIBIT A.****SCHEDULE L-1.**

(Canceling Schedule L-1.)

**General Lighting Service.**

Applicable to general domestic and commercial lighting, including household appliances and single-phase service to motor loads not to exceed 3 horsepower capacity.

**Territory.**

Entire territory served by the company.

**Rate.**

First 7 k.w.h. or less per meter per month-----	\$1 50
Next 43 k.w.h. per meter per month-----	10 per k.w.h.
Next 150 k.w.h. per meter per month-----	08 per k.w.h.
Next 300 k.w.h. per meter per month-----	06 per k.w.h.
Over 500 k.w.h. per meter per month-----	04 per k.w.h.

**Special Conditions.**

(a) Single-phase motors of an aggregate capacity of 3 horsepower or less may receive service or may be combined with general lighting service under this schedule of rates at the option of the consumer; provided that, in case of combination service, the total energy is supplied through one meter.

The minimum charge applicable to this combination service is only that minimum charge as set forth above.

**SCHEDULE L-2.**

(Canceling Schedule L-2.)

**Street and Highway Lighting.**

Applicable to existing street and highway lighting in the town of Weaverville, where equipment is owned and maintained by Weaverville Highway Lighting District, and necessary attachments are made to company poles.

**Flat Rate Service.**

	Lamp rating	Monthly charge per lamp, all-night service
Multiple lamps -----	40 watts	\$0 65
	60 watts	95
	75 watts	1 20
	100 watts	1 50
	150 watts	2 10
	200 watts	2 75

**Minimum Charge.**

\$27.50 per month.

**Special Conditions.**

(a) Turning on and switching off of lights to be controlled by suitable time-clock device to be owned, maintained and regulated by Weaverville Highway Lighting District, period of lighting not to exceed an average of ten hours per night throughout the year.

(b) Additional lights installed and maintained by private parties may be served from the same circuit at the above rates.

**SCHEDULE C-1.**

(Canceling Schedule C-1.)

**General Heating and Cooking Service.**

Applicable to general domestic and commercial heating, cooking and/or water heating service.

**Territory.**

Entire territory served by the company.

**Rate.**

First 120 k.w.h. per meter per month-----	5.0 cents per k.w.h.
Over 120 k.w.h. per meter per month-----	2.5 cents per k.w.h.

**Minimum Charge.**

Sixty cents per month per kilowatt of connected load, but not less than \$3 per month.



*Special Conditions.*

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single-phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load will be considered equivalent to one kilowatt of connected load in determining the minimum charge.

**SCHEDULE C-2.**

(Canceling Schedule C-2.)

*Combination Domestic Service.*

Applicable to domestic combination lighting, heating, cooking and small power service where consumer permanently installs and uses appliances of at least 2 kilowatts capacity.

*Territory.*

Entire territory served by the company.

*Rate.*

First 30 k.w.h. per meter per month-----	12.0 cents per k.w.h.
Next 170 k.w.h. per meter per month-----	5.0 cents per k.w.h.
Over 200 k.w.h. per meter per month-----	2.5 cents per k.w.h.

*Minimum Charge.*

Sixty cents per month per kilowatt of connected load, but not less than \$3 per month.

*Special Conditions.*

(a) Connected load will be taken as the name plate rating of heating and cooking apparatus permanently installed and which may be connected at any one time, calculated to the nearest one-tenth of a kilowatt.

(b) Single-phase motors aggregating 3 horsepower or less may be combined with heating and cooking under this schedule, in which case each horsepower of connected load shall be considered equivalent to one kilowatt of connected load in determining the minimum charge.

**SCHEDULE P-1.**

(Canceling Schedule P-1.)

*General Power Service.*

Applicable to general commercial and industrial power service, to commercial heating and cooking service, and to rectifier service.

*Territory.*

Entire territory served by the company.

*Rate.*

Horsepower of connected load.	Rate per kilowatt hour for monthly consumption of		
	First 50 k.w.h. per h.p.	Next 50 k.w.h. per h.p.	All over 100 k.w.h. per h.p.
2-9 horsepower -----	6.0 cents	4.0 cents	3.0 cents
10-24 horsepower -----	5.0 cents	3.5 cents	2.0 cents
25 horsepower and over -----	4.0 cents	3.0 cents	2.0 cents

*Minimum Charge.*

First 10 horsepower of connected load, \$1.25 per horsepower per month, but in no case less than \$2.50 per month.

All over 10 horsepower of connected load, \$1 per horsepower per month.

*Special Conditions.*

(a) Service under the above rates will normally be rendered at 110 and 220 volts.

(b) The connected load will be taken as the horsepower rating of the equipment used which may at any one time be connected to the company's line, but in no case less than 2 horsepower.

(c) Any consumer may obtain the rates for a larger installation by guaranteeing the rates and minimum charges applicable to the larger installation.

(d) Mercury arc rectifiers and commercial heating and cooking installations may obtain service under this schedule. For the purpose of determining rates and minimum charges, each kilowatt of connected load will be considered as equivalent to one horsepower.

DECISION No. 14294.  
FRANCHISE MOTOR FREIGHT ASSOCIATION

vs.

CALIFORNIA SHIPPERS, A CORPORATION, HARRY Y. STEBBINS,  
EDWIN S. ROBERTS AND WILLIAM MAGEE.

Case No. 2020.

Decided November 25, 1924.

*Harry N. Blair, Phil Jacobson*, for Complainant.  
*Frank M. Smith*, for Defendants.

WHITTLESEY, *Commissioner*.

OPINION.

The above entitled proceeding is a complaint brought by the Franchise Motor Freight Association, a voluntary association organized under the laws of the State of California for the promotion and protection of a number of automotive truck carriers operating under the jurisdiction of the Railroad Commission, against California Shippers, a corporation, Harry Y. Stebbins, Edwin S. Roberts and William Magee, alleging in effect that said corporation was operating automotive truck service for the transportation of property for compensation between the fixed termini and over a regular route not exclusively within the limits of a single incorporated city or town or city and county; that such operation is conducted in violation of the provisions of chapter 213, Statutes of 1917, and amendments thereto in that said corporation was not operating in good faith prior to May 1, 1917, and continuously since, nor has it secured a certificate of public convenience and necessity from the Railroad Commission as required under the provisions of the above numbered statutory enactments.

The answer of defendants was filed on August 21, 1924, denying allegations as set forth in the complaint. A public hearing was held at Los Angeles on October 14, 1924, at which time the matter was submitted and it is now ready for decision.

A number of witnesses were produced by complainant, many of them being shippers located at Oxnard, Ventura, Santa Paula and Santa Barbara, being points upon the regular route alleged to be served by defendants herein. These witnesses testified in effect that they had received shipments of merchandise from Los Angeles upon which shipments they had paid rates assessed under the tariff of defendants; that they had not at any time signed any agreement or become associate or active members of defendant corporation. Several other witnesses also testified to having received shipments moved by defendants' trucks upon which they had paid the assessed rates. Further, that they had signed applications for associate membership in the California Ship-

pers, Incorporated, a corporation. Copies of the forms used for application for associate membership were submitted in evidence as Complainant's Exhibits Nos. 5 and 7. Exhibit No. 7 shows that a charge of \$10 was paid for an associate membership, the application being No. 1882 B, having marked on its face "paid HJA." This witness however, testified that the solicitor who had asked him to sign said application had marked the same paid, but had informed him that no payments were necessary, nor had any ever been made. Same applies to other witnesses who had signed a membership application.

No testimony was submitted on behalf of defendants other than their claimed statement that they were operating in so far as possible strictly in accordance with their articles of incorporation and by-laws, a copy of which was submitted in evidence. The articles of incorporation of defendant California Shippers, Incorporated, a corporation, provide in part for the purchase, acquisition, etc., of terminals, depots, warehouses and yards in the State of California and for the collection, pick-up, delivery and transportation of all kinds of personal property for its membership, the membership to be composed of two classes, namely, active and associate members. The active members to have all voting powers, the associate members to have no vote in the affairs of the corporation. Further, that the associate members shall have no right, title and interest in any of the property or assets of the corporation, but all of such property rights are to be vested in the active members who shall be the proprietary members thereof and upon dissolution or liquidation of the corporation all the property and assets shall vest and be distributed to and divided among active members only.

Section 7 of article 11 of the by-laws provides that any person, firm, partnership or corporation may become an associate member by the payment of the sum of \$10 as an initiation fee and by the recommendation of the board of directors.

The secretary-treasurer of the corporation, testifying as a witness for complainant, stated that he knew nothing of the amounts collected or the distribution thereof and could not state what was done with amounts collected, if any, of \$10 for associate membership or the amounts collected covering rates.

In view of the evidence submitted in this proceeding, we are of the opinion and hereby find as a fact that defendants are operating automotive trucks for the transportation of property for compensation over regular routes or between fixed termini as that term is defined in chapter 213, Statutes of 1917, and amendments thereto; that they have obtained no certificate from this Commission nor were they operating in good faith prior to May 1, 1917, and continuously since, as provided for in section 5 of the above numbered statutory enactment.

**ORDER.**

Public hearing having been held in the above entitled proceeding, evidence submitted and the Commission being fully advised, and basing its order upon the statement and finding of fact as set forth in the opinion preceding this order;

*It is hereby ordered*, that the California Shippers, a corporation, Harry Y. Stebbins, Edwin S. Roberts and William Magee be and they hereby are directed to immediately cease operation of automotive trucks for the transportation of property for compensation over regular routes or between fixed termini within the State of California.

*It is hereby further ordered*, that the secretary of the Railroad Commission be and he hereby is directed to serve a certified copy of the within opinion and order on the district attorneys of Los Angeles County, Ventura County and Santa Barbara County.

The effective date of this decision for all other purposes be and the same hereby is fixed as twenty days from date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-fifth day of November, 1924.

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DECISION No. 14295.

LOS ANGELES LUMBER PRODUCTS COMPANY, A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY; AND PACIFIC FREIGHT TARIFF  
BUREAU, F. W. GOMPH, AGENT.

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Case No. 2069.

Decided November 26, 1924.

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**OPINION ON APPLICATION FOR SUSPENSION OF REDUCTION IN  
RATES ON LUMBER AND LUMBER PRODUCTS FROM McCLOUD,  
CALIFORNIA, TO STATIONS WITHIN THE STATE OF CALIFORNIA.**

The Los Angeles Lumber Products Company, a corporation, filed a petition, under date November 15, 1924, under the provisions of section 63 of the Public Utilities Act, seeking an order from this Commission to suspend certain freight tariffs carrying reductions in the rates on lumber and lumber products from McCloud, California, to consuming points within the State of California.

The reduced rates are published in Southern Pacific Company's Local Joint and Proportional Freight Tariff No. 634-C, Cal. R. C. 2848, and Pacific Freight Tariff Bureau Joint and Proportional Freight Tariff

No. 48-G, Cal. R. C. No. 311. The rates in the two tariffs are published to become effective November 30, 1924.

In October, 1923, this protestant filed with the Interstate Commerce Commission and the Railroad Commission of the State of California formal proceedings involving the reasonableness of the lumber rates from San Pedro to destinations within California as compared with the rates from other lumber shipping points in California and in Oregon to the same points of destination.

Following the joint hearings the proceedings (I. C. C. Docket 15303 and C. R. C. 1951) were submitted, final briefs presented some ninety days ago, and are now awaiting an opinion and order. It is protestant's position that this Commission should not permit the reduction in rates from McCloud until a final conclusion in the formal proceedings.

Under ordinary conditions it would appear improper for a carrier to change rates involved in a formal proceeding, but here we have a situation peculiar in itself, inasmuch as the reduced rates from McCloud to become effective November 30, 1924, are now in effect from the mills operating in competition with McCloud to the same points of destination.

The following table shows the present and proposed rates from McCloud and the present rates from the competing points in the same territory to a few representative points in California:

To	McCloud, California		Weed, California	Klamath Falls, Oregon	Kirk, Oregon
	Present	Proposed	Present	Present	Present
San Francisco	25½	23½	22	23½	25
Fresno	37½	35	34	35	35
Bakersfield	43	40	39½	40	41½
Los Angeles	43	40	39½	40	40
Niland	54	51	51	51	51
Colorado	54	51	51	51	51
Calxico	60½	57½	56½	57½	59

It will be observed from the above table that the proposed rates from McCloud are in all instances the same as those now in effect from Klamath Falls, Oregon, and the same or slightly higher than from Weed, California, and from Kirk, Oregon.

Lumber moving from Weed, California, Klamath Falls, Oregon, and Kirk, Oregon, is similar to that produced at the McCloud mills, therefore since the consumers can purchase lumber from mills at these three points, and from many other mills in northern California and southern Oregon, where the freight rates are the same or approximately the same as the rates now being proposed from McCloud, it would appear there can be no direct injury to this protestant if the reduced rates from McCloud are permitted to go into effect.

The Southern Pacific Company, in explanation of the reduced rates, states that the changes have been under consideration for a long time and would have been adjusted to the basis of the Klamath Falls, Oregon, rates were it not for the complications in connection with the entire

schedule of lumber rates in the northern California and southern Oregon territories.

The petition to suspend is supported by two milling companies located in the San Joaquin Valley and is opposed by some twenty milling companies in northern California.

We are of the opinion that the interests of protestant, Los Angeles Lumber Products Company, will not be injured by placing the McCloud rates on a parity with the rates existing from Klamath Falls and approximately with the rates from Weed, California, Kirk, Oregon, and many other points.

The petition to suspend will be denied.

Dated at San Francisco, California, this twenty-sixth day of November, 1924.

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DECISION No. 14297.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE AND SELL ONE HUNDRED THOUSAND (100,000) SHARES OF ITS SEVEN PER CENT PREFERRED STOCK, SERIES "A."

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Application No. 10611.

Decided November 28, 1924.

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*Roy V. Reppn*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In the above entitled matter Southern California Edison Company asks permission to issue and sell, at not less than par, 100,000 shares of its series "A" 7 per cent preferred stock of the aggregate par value of \$10,000,000, for the purpose of reimbursing its treasury because of expenditures for the construction, completion, extension and improvement of its facilities.

Southern California Edison Company has an authorized capital stock of \$250,000,000, divided into \$4,000,000 of original preferred stock, \$121,000,000 of preferred stock and \$125,000,000 of common stock. The preferred stock is in three series and consists of \$60,000,000 of series "A" 7 per cent cumulative preferred stock, \$40,000,000 of series "B" 6 per cent cumulative preferred stock and \$21,000,000 of series "C" 5 per cent cumulative preferred stock. For the terms of preference of all preferred stock, reference is made to Decision No. 13395, dated April 10, 1924, in Application No. 9942 (Vol. 24, Opinions and Orders of the Railroad Commission of California, page 763).

As of September 30, 1924, the company, in Exhibit 1, reports the amount and kinds of stock outstanding as follows:

Original preferred stock-----	40,000 shares, par value	\$4,000,000 00
Series "A" 7 per cent preferred stock-----	118,845 shares, par value	11,884,500 00
Series "B" 6 per cent preferred stock-----	99,328 shares, par value	9,932,800 00
Common stock -----	522,782 shares, par value	52,278,200 00
Subscribed preferred stock -----	18,619 shares, par value	1,861,900 00
Subscribed common stock -----	55,630 shares, par value	5,563,000 00
Total -----	855,204 shares, par value	\$85,520,400 00

The outstanding common stock, \$52,278,200, includes \$10,836,628 owned by subsidiary corporations, leaving \$41,441,572 of common stock net outstanding. The company's bonded debt, as of the same date, September 30, 1924, is reported as \$114,759,100, its notes payable as \$5,502,000 and its current liabilities as \$5,222,429.12.

Applicant is now asking permission to issue an additional \$10,000,000 of series "A" 7 per cent preferred stock for the purpose of financing the cost of additions and betterments. In Exhibit 4 filed in Application No. 9942, the company reported uncapitalized construction expenditures as of February 29, 1924, of \$3,434.99. In this application, in Exhibits 5 and 6, it reports actual expenditures for construction from March to September, 1924, inclusive, of \$16,306,364.02 and estimated expenditures for the three months October to December, 1924, inclusive, of \$8,104,000, the three items aggregating \$24,413,799.01. From this total the company deducts \$10,847,436.22 received from the sale of stock authorized in former proceedings, leaving a balance of \$13,566,362.79 to be financed in part with the proceeds to be received from the stock now applied for. The record herein indicates that there is a balance of \$4,539,942.66 to be received from the sale of stock heretofore authorized, which amount will also be available to finance construction expenditures. Not all of this will be collected during the current year. It is of record that applicant intends to use some of the stock proceeds to finance 1925 construction expenditures. The company has agreed to file a copy of its 1925 budget. Upon the receipt of such budget the Commission will give further consideration to the request of the company for permission to use some of the stock proceeds to finance expenditures reported in such budget.

The testimony shows that the \$10,000,000 of stock will first be offered to the present stockholders at \$102 per share and thereafter to the general public at \$105 per share if paid in full in cash, and at \$106 per share under an installment payment plan. The order in this matter will authorize the sale of the stock at not less than \$102 per share.

**ORDER.**

Southern California Edison Company having applied to the Railroad Commission for permission to issue and sell 100,000 shares of its 7 per cent series "A" preferred stock of the aggregate par value of \$10,000,000, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Southern California Edison Company be and it is hereby authorized to issue and sell on or before December 31, 1925, at not less than \$102 per share, 100,000 shares of its series "A" 7 per cent preferred stock of the aggregate par value of \$10,000,000, and to use the proceeds to reimburse its treasury and to finance in part the cost of the additions and betterments referred to in its exhibits Nos. 5 and 6, filed in this proceeding, or for such other purposes as the Railroad Commission will authorize by a supplemental order or orders.

The authority herein granted is subject to further conditions as follows:

1. Only such of the expenditures referred to herein as are not otherwise capitalized and as are properly chargeable to capital account under the classifications of accounts prescribed by the Railroad Commission may be financed with the proceeds obtained from the sale of the stock herein authorized.

2. Applicant may, if it so desires, consolidate the proceeds to be received from the sale of the stock herein authorized with the proceeds received or to be received from the sale of the series "A" stock heretofore authorized to be issued.

3. During 1925, applicant shall file with the Commission monthly reports showing in detail the amounts expended for extensions, additions and betterments.

4. Applicants shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will become effective upon the date of this order.

Dated at San Francisco, California, this twenty-eighth day of November, 1924.



## DECISION No. 14314.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC  
RAILROAD COMPANY FOR APPROVAL OF A PLAN OF SIGNALING  
AT MARYSVILLE, CALIFORNIA.

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Application No. 10456.

Decided November 29, 1924.

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*James S. Moore, Jr.,* for Applicant.

MARTIN, *Commissioner.*

**OPINION.**

The Western Pacific Railroad Company, applicant herein, has petitioned the Railroad Commission for an order approving a plan of installation of automatic signals to cover trackage from a point about six hundred and forty feet northwest of the northwesterly end of the applicant's Yuba River bridge south of Marysville to a point about four hundred and fifty feet northwest of the applicant's Marysville depot. These signal extensions are desired in connection with the proposed joint use of the passing track of the applicant by the owner and by the Sacramento Northern Railroad freight service for the purpose of routing Sacramento Northern freight trains through Marysville without traversing Second and Fifth streets as is now done.

A public hearing was held at San Francisco on September 29, 1924.

This proposed extension of automatic signals is desired as a continuation of similar signals placed in operation in March, 1923, under informal approval by letter by the Commission.

It is now desired to extend this joint track operation, equipped with automatic signals, from the present junction leading to Second street over the Western Pacific passing track, to a junction with the present transfer track near Fifth and K streets, Marysville, for freight service only, passenger trains to continue to be operated over the present routes. The use of this passing track as a joint freight track, as hereinbefore stated, appears in itself desirable, as the citizens of Marysville find this freight service through the city very objectionable, and a resolution to that effect and urging the granting of this application was filed by the Marysville city council with the Commission in this proceeding.

The plan proposed above by the applicant was first submitted informally to the Commission's engineering department, who declined to approve it, as it was not believed that the plan proposed offered complete protection to train movements at the junction points. The engineering department of the Commission suggested that not only the new, but the existing joint operation, should be protected in one of the following three ways: First, through the installation of an interlocking plant at a convenient point near the present junction leading

to Second street; second, through the installation of an interlocking plant located at some convenient point that would include the existing interlocking, in another form, of the Southern Pacific-Western Pacific crossing at Ninth and K streets; third, the locking of the key switches on the joint track electrically with the control in the hands of the towerman at the present tower at Ninth and K streets in lieu of the plain switch indicators proposed by the railroad company. The applicant thereupon filed this formal application with the Commission requesting an order authorizing the signal installation desired.

The applicant contends that the number of train movements over the joint track, and the benefits to be derived from its joint use are not of sufficient value to either or both companies to warrant the expense of installing an interlocking plant. Four prominent signal engineers testified for applicant that the construction of an interlocking plant was not warranted on account of the cost.

Signal engineer of the applicant submitted estimates placing the cost of an interlocking plant for the joint track at \$29,425 with annual cost of maintenance and operation of \$5,970.40. If automatic signals were installed between the proposed tower and the present Ninth and K street tower, an additional expenditure of \$4,116.81 would have to be made, with an additional annual maintenance charge estimated at \$448.64.

An interlocking plant so located as to include the existing tower and crossing protection at Ninth and K streets is estimated to cost \$57,207.76, with an annual cost of maintenance and operation of \$7,933.86. The installation of electric switch locks on the key switches of this layout, which is the third alternative proposed by the Commission's engineering department, is estimated by the applicant to cost \$1,578.06 with an annual maintenance charge of \$1,162.56. This maintenance charge is high in proportion to the cost of installation, on account of the necessity of keeping a signal maintainer stationed at this point to care for the electric switch locks. All of the signal engineers testified that such a permanent maintainer would be necessary under such a type of installation. None of the above estimates of annual cost include interest on the investment.

Applicant further protested the use of electric locks and derails on account of the delays involved in their operation, but this delay, when analyzed, appears to be very little greater than that which occurs under the present operation and no greater than that which occurs at junction points where trainmen are required to check the register, which might be found necessary at this junction.

Signal engineer of applicant testified that the signal plan proposed by applicant was adequate and safe and that he did not object to the divided responsibility entailed in its operation; yet the testimony

shows that he does object to such divided responsibility between tower-men under the Commission's engineering department plan requiring a tower at the junction near Second street by providing automatic signals between the proposed tower and the present tower at Ninth and K streets in his estimate.

Although all of the signal engineer witnesses testified that derails were not necessary, the testimony shows that there appears to be no other method of bringing a movement made past a danger signal to an absolute stop, except by the installation of automatic train control. It further shows that no serious accidents have occurred in the past twenty years to the knowledge of the witnesses through the fact that such a contrary movement was derailed onto the ground, whereas on the other hand, the Commission has knowledge that several serious accidents have happened in the past two years as a result of running past stop signals.

This proceeding is one in which the moral responsibility of safeguarding the public, the employees and the property of the carriers, as well as that entrusted to their care, rests finally upon this Commission, and therefore the Commission is reluctant to approve any plan which does not provide for the maximum of safety. We can thoroughly understand and appreciate the position taken by the operating officials in this matter that from their viewpoint the proposed plan is reasonably adequate and safe, and, under ideal operating conditions, would accomplish the desired result at a minimum of cost. Conscious, however, of the responsibility vested in us, we feel that the present application should be denied without prejudice to the submission of plans which will provide for more adequate and substantial protection than that afforded by the plans for which approval has been sought herein.

#### ORDER.

Applicant, the Western Pacific Railroad Company, having on September 4, 1924, filed with this Commission an application for approval of a plan of automatic signaling for the protection of its passing track at Marysville, as shown on substitute Exhibit A, filed at the hearing, and Exhibit B, attached to the application, a public hearing having been held, the matter having been duly submitted and the Commission being now fully advised and of the opinion that the plans proposed do not provide for the proper measure of safety of operation at the point where the installation for which approval is requested is proposed;

*It is hereby ordered*, that this application be and it is hereby denied without prejudice against the submission for approval of plans providing more adequate and substantial safety protection than those for which approval is herein denied.

The foregoing opinion and order are hereby approved and ordered

filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-ninth day of November, 1924.

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DECISION No. 14315.

IN THE MATTER OF THE APPLICATION OF SAN GORGONIO POWER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK AND BONDS.

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Supplementary Application No. 10509.

Decided December 2, 1924.

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BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

San Gorgonio Power Company, in a supplemental petition filed in the above entitled matter on November 3, asks permission to issue and sell at par \$100,000 of common stock and use the proceeds for the purposes hereinafter indicated.

By Decision No. 14175, dated October 16, 1924, the Commission denied without prejudice an application of the company to issue \$100,000 of 7 per cent preferred stock. In that decision, as amended, the company was permitted to issue \$5,000 of bonds and use the proceeds to pay in part the following expenses:

To pay amounts representing materials purchased.....	\$3,000 00
To cover lower canal.....	5,000 00
To construct steel by-pass from tank No. 2.....	3,000 00
To complete storm control dams.....	12,000 00
To construct fire-breaks and trails.....	6,000 00
To finance excess cost of plants.....	39,027 90
Miscellaneous .....	3,680 56
<b>Total.....</b>	<b>\$71,708 46</b>

In the original application the company also asked permission to use stock or bond proceeds to refund \$14,000 expended in payment of interest. The order of the Commission does not permit the company to use any bond proceeds for the purpose of refunding interest payments. Adding the \$14,000 to the \$71,708.46 makes a total of \$85,708.46.

The company in its supplemental petition, as stated, now asks permission to issue \$100,000 of common stock at par. It further asks permission to expend 15 per cent of the proceeds obtained from the sale of the stock to pay selling expenses and to use the remaining proceeds to pay the cost of the improvements to which reference has been made and refund interest payments.

It is of record that R. R. Scarborough, president and majority shareholder of stock of San Geronio Power Company, is willing to enter into an agreement with the purchasers of the common stock, by the terms of which such purchasers will have the right to resell the stock to R. R. Scarborough, and R. R. Scarborough will have the right to purchase such stock from the purchasers at a price of \$105 per share plus interest at the rate of 7 per cent per annum upon the par value of the stock from the date of its sale. A copy of the agreement has been filed with the Commission and from such agreement it appears that R. R. Scarborough is obligated to purchase such stock at any time after twelve months and prior to eighteen months from the date of the agreement. The holder of stock likewise agrees to sell to R. R. Scarborough his stock at a price of \$105 per share plus a sum equal to 7 per cent per annum on the par value of the stock from the date of the agreement at any time after twelve months and prior to eighteen months from the date of the agreement. The purchasers of the common stock of the San Geronio Power Company should realize that the Commission has no authority to enforce the agreement and that if any question should arise relative to its interpretation, that such agreement will have to be construed and enforced by the courts rather than by this Commission. The Commission, however, is proceeding on the theory that the parties to the agreement will execute and carry out the same in good faith and that if a purchaser of stock desires to have his money back, R. R. Scarborough will, within the time specified, purchase the same at the price indicated.

A public hearing was held in this matter by Examiner Fankhauser. The Commission has considered the request of the applicant and is of the opinion that the money, property or labor to be procured or paid for by the issue of the \$100,000 of common stock is reasonably required by applicant and that applicant should be permitted to issue such stock for the purposes indicated in this order.

*It is therefore ordered, as follows:*

1. San Geronio Power Company may issue and sell on or before March 1, 1925, at not less than par \$100,000 of its common capital stock and use the proceeds for the following purposes:

a. To pay expenses in connection with the sale of stock, an amount not exceeding 15 per cent of the par value of the stock sold, such expenses not to exceed.....	\$15,000 00
b. To pay amounts representing materials purchased.....	3,000 00
c. To cover lower canal.....	5,000 00
d. To construct steel by-pass from Tank No. 2.....	3,000 00
e. To complete storm control dams.....	12,000 00
f. To construct fire-breaks and trails.....	6,000 00
g. To finance excess cost of plants.....	39,027 90
h. To refund interest payments.....	14,000 00
i. Miscellaneous .....	3,680 56

Total..... \$100,708 46

Any proceeds not needed for any of the aforesaid purposes may be expended only for such purposes as the Commission will authorize in supplemental order or orders.

2. The issue of the stock herein authorized is upon the express condition that R. R. Scarborough and each and every purchaser of common stock enter into an agreement substantially the same as the agreement filed with this Commission on November 20, 1924.

3. San Geronio Power Company shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this second day of December, 1924.

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DECISION No. 14320.

IN THE MATTER OF THE APPLICATION OF MOORPARK FARMERS' WATER COMPANY FOR PERMISSION TO ISSUE BONDS.

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Application No. 10596.

Decided December 2, 1924.

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*Carroll Allen*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Moorpark Farmers' Water Company asks the Railroad Commission to make an order authorizing it to execute a deed of trust and to issue and sell \$50,000 of first mortgage 7 per cent bonds for the purpose of refunding outstanding bonded indebtedness and of financing the cost of extensions, additions and betterments.

The record in previous applications filed with the Commission shows that Moorpark Farmers' Water Company was organized on or about September 27, 1919, for the purpose, primarily, of acquiring the properties of Moorpark Mutual Water Company and operating such properties as a public utility. By Decision No. 8282, dated October 25, 1920, in Application No. 5210 (Volume 18, Opinions and Orders of the Railroad Commission of California, page 1050), the Commission authorized the execution of a mortgage and the issue of \$25,000 of 7 per cent serial bonds, \$3,000 of serial notes and \$20,000 of common stock in payment for the properties of the mutual company and for additions thereto.

The mortgage authorized to be executed by Decision No. 8282 secures the payment of a total authorized issue of \$25,000 of 7 per cent bonds maturing in annual installments of \$2,500 on the first day of December of each of the years 1921 to 1930, inclusive. Heretofore, the entire \$25,000 of bonds were issued, as authorized by the Commission, of which \$17,500 are outstanding, \$7,500 having been paid at maturity. The company now proposes to execute a new mortgage to secure the payment of a total issue of \$50,000 of 7 per cent bonds due August 1, 1934. It proposes to issue and sell at this time \$35,000 of such bonds at 93 per cent of face value and accrued interest, and to use the proceeds to retire the \$17,500 of bonds outstanding and to finance the cost of additions and betterments which in Exhibit B are described as follows:

Cost of drilling well.....	\$5,450 00
Deep well turbine pump.....	1,400 00
Seventy-five horsepower gasoline engine.....	1,700 00
Repair shop and storeroom 30' x 20', wood frame, with corrugated iron roof and siding.....	1,280 00
Twenty water meters, installed.....	1,000 00
Alterations and replacements.....	4,800 00
Total.....	\$15,630 00

Moorpark Farmers' Water Company is engaged in supplying water for irrigation purposes only in and about Moorpark, Ventura County, serving about 600 acres. At present a number of wells are being operated which produce, in the aggregate, about 130 inches of water. The wells are said to be shallow and the present supply of water inadequate. As the company contemplates giving service to an additional 500 acres of land it has made arrangements to develop additional water. To this end it entered into a contract on June 30, 1924, with Roscoe Moss Company, for the construction of an 18-inch well at a cost of \$5,450 for the first six hundred feet drilled and cased, and \$9.25 for each lineal foot thereafter drilled and cased up to 700 feet. In addition, the company reports that it has entered into a contract with the Layne and Bowler Pump Company for the purchase of one deep well turbine pump completely installed with all necessary driving head, suction and column pipe and foundations, and also into a contract with the Farm Machinery Company for the purchase of one 75-horsepower Holt gasoline engine, complete with clutch, driving pulley, etc.

At the hearing held in this matter, Mr. J. M. Donaldson-Aiken, applicant's president, testified that the well was completed and placed into operation in October of this year. It was drilled to a depth of about 370 feet and is producing between eighty-five and ninety inches of water. The company reports that with the two hundred or more inches of water now available, it should be able adequately to take care of the present acreage and the additional tract of 500 acres.

Applicant asks permission to sell its bonds at not less than 93 per cent of face value plus accrued interest. After giving consideration to the record and to financial statements heretofore filed by the company, the Commission is of the opinion that this request should be granted, although it is to be understood that the granting of such permission is not to be considered as binding on the Commission in the future to authorize this company, or any other company, to sell 7 per cent 10-year bonds at this price. Although the application is for permission to issue \$50,000 of bonds, it is of record that only \$35,000 will be sold at this time. The order herein will provide, therefore, that \$15,000 of bonds may be sold only when and for such purpose and under such terms and conditions as the Commission might authorize in supplemental orders.

Applicant has filed, as its Exhibit D, a copy of a proposed mortgage or deed of trust. This instrument is intended to secure the payment of a total authorized issue of \$50,000 of 7 per cent 10-year bonds, of which \$35,000 are issuable forthwith and \$15,000 are issuable when applicant can satisfactorily prove to the trustee under the indenture that it has developed a supply of water adequate to serve the present acreage and 400 additional acres. Proof will consist of a satisfactory report by two independent engineers, one to be appointed by applicant and the other by Cahn, McCabe and Company. The bonds are callable at the option of the company on any interest payment date prior to maturity at 105 per cent of face value plus accrued interest. Under the terms of the proposed mortgage or deed of trust a sinking fund is provided, into which the company agrees to pay an annual amount equal to one-tenth of the bonds outstanding. The sinking fund provisions do not appear, however, on the face of the bond.

We believe applicant should modify its form of mortgage or deed of trust by eliminating the provision relating to the appointment of an engineer by Cahn, McCabe and Company, or any other purchaser of the bonds and by incorporating in the bond itself a reference to the sinking fund provisions. With these changes we will authorize the execution of the trust indenture.

#### ORDER.

Moorpark Farmers' Water Company having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue \$50,000 of bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted as herein provided and that the money, property or labor to be procured or paid for through the issue of \$35,000 of bonds is reasonably required for the purposes specified herein and that the expenditures for such purposes are not



in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Moorpark Farmers' Water Company be and it is hereby authorized to issue on or before June 30, 1925, \$50,000 of its first mortgage 7 per cent bonds due August 1, 1934.

*It is hereby further ordered*, that Moorpark Farmers' Water Company be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding as Exhibit D, provided that such mortgage or deed of trust be amended as indicated in the foregoing opinion, and provided further that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such mortgage or deed of trust as to such other legal requirements to which such mortgage or deed of trust may be subject.

The authority herein granted is subject to the following conditions:

1. Of the bonds herein authorized, applicant may sell \$35,000 at not less than 93 per cent of face value plus accrued interest. The company may use the proceeds from the sale of \$17,500 of such bonds to refund outstanding bonded indebtedness and may use the proceeds from the remaining \$17,500 of bonds to finance in part the cost of extensions, additions and betterments of \$15,630, to which reference is made in the foregoing opinion.

2. The remaining \$15,000 of bonds herein authorized may be sold only when and for such purposes and under such terms and conditions as the Commission may authorize in supplemental order.

3. Within thirty days after the execution of the mortgage or deed of trust herein authorized, applicant shall file a certified copy thereof with the Railroad Commission.

4. Moorpark Farmers' Water Company shall keep such record of the issue and sale of bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted to issue bonds will not become effective until applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$50.

Dated at San Francisco, California, this second day of December, 1924.

## DECISION No. 14326.

IN THE MATTER OF THE APPLICATION OF EAST BAY WATER COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF BONDS AND STOCK OR NOTES.

Application No. 9571.

Decided December 2, 1924.

BY THE COMMISSION.

**FOURTH SUPPLEMENTAL ORDER.**

In a supplemental petition filed in the above entitled matter on November 14, 1924, East Bay Water Company asks the Commission to make an order authorizing it to use the unexpended proceeds received from the sale of the stock and bonds authorized to be issued by Decision No. 13117, dated February 4, 1924, as amended.

By Decision No. 13117, dated February 4, 1924, as amended by Decision No. 13233, dated March 1, 1924, the Commission authorized East Bay Water Company to issue \$2,000,000 of series "C" unifying and refunding mortgage 6 per cent bonds and \$800,000 of its class "A" 6 per cent preferred stock for the purpose of paying in part the cost of acquiring the properties necessary for the Upper San Leandro Project, or of paying in part the cost of constructing such project, or for such other purposes as the Commission might authorize in supplemental orders. By Decision No. 13543, dated May 9, 1924, the third supplemental order in the above entitled matter, the Commission authorized the company to use the proceeds from the sale of \$980,500 of the bonds and \$326,800 of the stock authorized to finance in part general construction expenditures made during 1922 and 1923 and estimated for 1924.

In a supplemental application filed in this proceeding on April 17, 1924, on which Decision No. 13543 was based, the company reported that during the year 1922 it expended for construction purposes the sum of \$825,383.35 and during 1923 \$1,168,706.13, a total for the two years of \$1,994,089.48. From this amount it deducted \$320,000 representing credits to the reserve for accrued depreciation during 1922 and 1923, \$177,828.59 obtained from the sale of nonoperative property and \$1,016,000 representing proceeds from the sale of securities, leaving a balance of \$480,260.89 which, it was said, was the balance of expenditures for 1922 and 1923 against which no securities were issued.

Applicant now reports that during the period from January 1 to September 30, 1924, it expended \$1,405,780.72 for additions to fixed

capital, and it estimates its general capital expenditures for the last three months of 1924 at \$429,000 and its expenditures on the Upper San Leandro Project for the last four months of the year at \$280,000. Adding these three figures to the balance of \$480,260.89 results in a total of \$2,595,041.61. From this latter amount there should be deducted \$1,307,300, the amount of stock and bonds referred to in Decision No. 13543, and \$160,000, representing the estimated credit to the reserve for accrued depreciation during 1924. Making this deduction there is left the sum of \$1,127,741.61 to be financed in part with the remaining proceeds on hand which were received from the stock and bonds authorized in this proceeding. The supplemental application shows that there is on hand at this time the proceeds from the sale of bonds of the par value of \$481,464.26 and of stock of the par value of \$293,821.42.

*It is hereby ordered*, that East Bay Water Company be and it is hereby authorized to use the remaining unexpended proceeds received from the sale of the stock and bonds authorized by Decision No. 13117, dated February 4, 1924, as amended by Decision No. 13233, dated March 1, 1924, as amended, to finance in part the cost of the additions and betterments referred to herein, provided that only such additions and betterments as are properly chargeable to fixed capital account, as defined by the Uniform System of Accounts prescribed by the Commission, may be financed with such proceeds.

*It is hereby further ordered*, that the order in Decision No. 13117, dated February 4, 1924, as amended by the order in Decision No. 13233, dated March 1, 1924, as amended, shall remain in full force and effect except as modified by this fourth supplemental order.

Dated at San Francisco, California, this second day of December, 1924.

## DECISION No. 14329.

IN THE MATTER OF THE APPLICATION OF BEAR VALLEY UTILITY COMPANY, A CALIFORNIA CORPORATION, FOR AUTHORITY TO ISSUE SHARES OF COMMON STOCK OF THE PAR VALUE OF FORTY-THREE THOUSAND DOLLARS AND FIRST MORTGAGE BONDS OF THE FACE VALUE OF ONE HUNDRED TEN THOUSAND DOLLARS.

Application No. 10577.

Decided December 4, 1924.

*McNabb and Hodge*, by *R. E. Hodge*, for Applicant.

BY THE COMMISSION.

## OPINION.

Bear Valley Utility Company, in the above entitled matter, asks the Railroad Commission to make an order authorizing it

1. To execute a mortgage or deed of trust and to issue and sell at 90 per cent of face value plus accrued interest, \$110,000 of its first mortgage 7 per cent bonds, due September 1, 1944; and

2. To issue and sell at par 430 shares of its common capital stock of the aggregate par value of \$43,000; and

3. To use the proceeds to be received from the sale of its stock and bonds to finance, in part, the cost of constructing a water system and of making extensions and improvements to its present electric system and to pay indebtedness.

Bear Valley Utility Company was organized on or about June 30, 1921, with an authorized capital stock of \$100,000, divided into 1000 shares, of the par value of \$100 each, all common. The application shows that the company is engaged in the business of distributing electric current for lighting and power, and furnishing local and long distance telephone service in Bear Valley, San Bernardino County. The company reports its assets and liabilities as of July 31, 1924, as follows:

<i>Fired capital—</i>	<i>Assets.</i>	
Electric -----	\$62,135	75
Telephone -----	49,255	59
Total -----		\$111,391 34
Water system expenditures -----		10,617 35
Cash -----		1,992 33
Accounts receivable -----		7,160 93
Materials and supplies -----		1,665 62
Unexpired insurance -----		456 14
Jobs in process -----		2 64
Unamortized discount on stock -----		8,149 65
Total assets -----		\$141,436 00

<i>Liabilities.</i>	
Capital stock .....	\$57,000 00
Notes payable .....	49,000 00
Accounts payable .....	18,553 64
Accruals .....	346 50
Consumers' deposits .....	962 00
Advances for construction .....	5,658 65
Donations in aid of construction .....	1,476 00
Suspense .....	50 77
Reserve for depreciation .....	3,081 27
Surplus .....	5,307 17
Total liabilities .....	\$141,436 00

Applicant now proposes to engage in the water business in addition to its electric and telephone business. By Decision No. 13164, dated February 16, 1924, as amended by Decision No. 13414, dated April 15, 1924, in Application No. 9639, the company was granted a certificate of public convenience and necessity to operate a public utility water system in Bear Valley. The present application involves primarily the financing of the cost of constructing the water system through the issue of the remaining authorized stock amounting to \$43,000, the creation of a mortgage indebtedness and the issue of \$110,000 of bonds. The company reports that it has made arrangements to sell its bonds at 90 per cent of their face value plus accrued interest, and its stock at par, and it asks permission to use the proceeds as follows:

To construct a water system .....	\$90,000 00
To install additions and extensions to its electric system .....	6,000 00
To pay indebtedness .....	46,000 00
Total .....	\$142,000 00

Applicant operates in a summer resort territory which is said to have a summer population of from 5000 to 30,000 people and a winter population of approximately 1000. The present water supply is obtained almost entirely from privately-owned wells which are said to be very shallow and to collect surface seepage water only and inadequate to meet the increasing demands of the community. It is therefore thought necessary to develop a source of water supply adequate to take care of the demand for service and also to make possible the construction and operation of certain contemplated sanitary improvements.

To this end applicant reports that it has purchased for \$745 a tract of land 2.13 acres in area, upon which water of an excellent quality has been found. The present plans call for the construction of two twelve-inch wells from which water will be pumped by Layne and Bowler deep well turbine pumps directly into the mains, whence it will be picked up by a centrifugal booster pump and forced through approximately 18,000 feet of eight-inch pipe to a concrete reservoir of approximately 450,000 gallons capacity, located at an elevation of 270 feet above the well.

As shown in Exhibit "D," which is a report prepared by the Chester H. Loveland Engineers, the total estimated cost of the water system is \$100,000, which sum is segregated as follows:

*Pipe—*

20,000 feet of 8-inch pipe-----	\$35,000 00
7,000 feet of 6-inch pipe-----	8,500 00
15,000 feet of 4-inch pipe-----	13,000 00
27,000 feet of 2-inch pipe-----	13,500 00
<b>Total -----</b>	<b>\$70,000 00</b>
Concrete reservoir, 100' x 100' x 10'-----	10,000 00
Pumping equipment for wells-----	5,000 00
Booster pump -----	1,500 00
Two 12-inch wells-----	8,000 00
Pump houses -----	1,500 00
Lands -----	1,000 00
Power lines—4 miles-----	3,000 00
<b>Total -----</b>	<b>\$100,000 00</b>

The balance sheet on a preceding page shows that applicant has expended, up to July 31, 1924, the sum of \$10,617.35 on account of this construction. In this connection, B. T. Ergenbright, applicant's general manager, testified that on the property purchased by the company, it has bored two twelve-inch wells, one 326 feet in depth and one 340 feet in depth, which it is believed will produce an adequate supply to meet the present demand. In addition, pump houses have been built. The testimony shows that the two wells were constructed at a cost of about \$7,000, without any allowance for overhead. This application involves the financing of the cost to complete the construction.

The company reports that there are 299 possible connections for water in Bear Valley and it believes 75 per cent of these connections will be installed as soon as water is available. Based on this assumption and using the schedule of rates which heretofore has been filed with the Commission, it estimates gross revenues of \$17,500 from its water system during the first year of operations. For the same period its expenses are estimated at \$8,500 including \$7,000 for maintenance and operation, and \$1,500 for depreciation.

The other expenditures to be financed with proceeds from the sale of the stock and bonds herein applied for include \$6,000 for the construction of two new electric distributing lines, each to cost \$3,000; one extending a few miles to the east of Baldwin Lake will add about sixty new consumers, and the other connecting the present lines on the north side and the south side of Big Bear Lake will improve service.

Applicant asks permission to use \$46,000 of the proceeds from the sale of stock and bonds to pay \$46,000 of short term notes issued to secure funds to pay for properties heretofore installed.

A copy of applicant's proposed mortgage or deed of trust has been filed with the Commission as applicant's Exhibit No. 3. It is of record

that the proposed instrument is intended to secure the payment of a total authorized issue of \$500,000 of first mortgage sinking fund gold bonds, issuable in series. Series "A" bonds, the issue of which is herein applied for, are in the aggregate amount of \$110,000, are dated September 1, 1924, mature September 1, 1944, bear interest at 7 per cent per annum and are callable at any time prior to maturity at 105. Among other things, the instrument contains a provision, section 34, by the terms of which the company agrees to deposit with the trustee, before any of the bonds are certified and issued, a bondholder's policy of title insurance covering the company's property in the principal sum of \$110,000. We believe this provision should be eliminated from the mortgage or deed of trust. Furthermore, the last paragraph on page 1 of Exhibit No. 3, and section 14 of article II of said exhibit should be modified so as to definitely limit the amount of bonds, the payment of which will be secured by the mortgage or deed of trust, to \$500,000.

The following order will permit the execution of a mortgage or deed of trust amended as indicated herein:

#### ORDER.

Bear Valley Utility Company having applied to the Railroad Commission for permission to execute a mortgage or deed of trust and to issue and sell \$110,000 of bonds and \$43,000 of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the application should be granted as provided herein and that the money, property or labor to be procured or paid for through such issue and sale of stock and bonds is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Bear Valley Utility Company be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as that filed with the Commission in this proceeding as Exhibit No. 3, provided that such mortgage or deed of trust be amended, as indicated in the foregoing opinion, and provided further, that the authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

*It is further ordered*, that Bear Valley Utility Company be and it is hereby authorized to issue and sell on or before June 30, 1925, \$110,000 of its first mortgage 7 per cent bonds, due September 1, 1944, at not less than 90 per cent of their face value and accrued interest, and to

issue and sell on or before June 30, 1925, \$43,000 of its common stock at not less than the par value thereof.

The authority herein granted is subject to further conditions as follows:

1. Applicant may use the proceeds to be received from the sale of the stock and bonds herein authorized to finance in part the cost of constructing its water system and of making extensions to its electric system and of paying outstanding indebtedness, all as referred to in the foregoing opinion.

2. Bear Valley Utility Company shall keep such record of the issue, sale and delivery of the stock and bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. Within thirty days after the execution of the mortgage or deed of trust herein authorized to be executed, applicant shall file a certified copy thereof with the Railroad Commission.

4. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$110. The authority granted to execute a mortgage and to issue stock will become effective upon the date hereof.

Dated at San Francisco, California, this fourth day of December, 1924.

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DECISION No. 14331.

IN THE MATTER OF THE INVESTIGATION ON THE COMMISSION'S  
OWN MOTION OF THE REQUEST OF POSTAL TELEGRAPH-CABLE  
COMPANY FOR PERMISSION TO ESTABLISH A TELEGRAPH  
OFFICE IN THE CITY OF CHICO, CALIFORNIA.

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Case No. 2068.

Decided December 4, 1924.

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*A. B. Richards and C. H. Shaw*, for Postal Telegraph-Cable Company.

*A. H. May*, for the Western Union Telegraph Company.

*H. D. Pillsbury*, for the Pacific Telephone and Telegraph Company.

*SEAVEY, Commissioner.*

**OPINION.**

On October 25, 1924, Postal Telegraph-Cable Company informally requested this Commission to grant it authority to open a telegraph office at the city of Chico. On October 31, 1924, the Western Union Telegraph Company informally protested this request, stating that Chico was being adequately served by the Western Union Telegraph Company, and further, that there was not sufficient business to warrant the maintenance of two telegraph offices.



In the past, authority to open telegraph offices has been granted both Postal Telegraph-Cable Company and the Western Union Telegraph Company, as well as other utilities, merely upon their request to this Commission. In practically every instance, however, where the Postal Company has asked to open an office, the Western Union Telegraph Company has informally protested such authority being granted. In order that this Commission might be officially advised as to the extent to which both Postal Telegraph-Cable Company and the Western Union Telegraph Company have rendered telegraph service in California, and to what extent they hold themselves out to furnish telegraph service throughout California, the Commission instituted, upon its own motion, an investigation in the matter of the proposed establishment of a telegraph office in the city of Chico.

The hearing in this matter was held in San Francisco on November 28, 1924.

The evidence in this proceeding shows that both Postal Telegraph-Cable Company and the Western Union Telegraph Company have been operating and carrying on a general telegraph business in California for many years, and do now hold themselves out to extend and furnish service to any place in California where there is a reasonable demand for telegraph service. At the present time, the Postal Company operates telegraph offices in some thirty-nine (39) cities, and the Western Union Company has offices in approximately six hundred and fifty (650) cities in California. The rates charged by the Postal Company in California are from fifteen per cent (15%) to twenty per cent (20%) lower than the corresponding rates charged by the Western Union Company.

The Western Union Telegraph Company objects to Postal Telegraph-Cable Company opening an office in Chico for the reason that it believes that there is not sufficient business to warrant both companies maintaining separate offices. It further claims that the service which it has been furnishing and is now furnishing, in the city of Chico, is satisfactory and adequate. It further believes whatever business the Postal Company may receive, if it establishes an office at Chico, will be that which it takes away from the Western Union Company.

Granting the statements made by the Western Union Company, relative to its service in Chico, it is to be borne in mind that both companies claim to have been, for many years, operating generally throughout this state, and to be serving the same territory in competition. This contention by Postal Company was not disputed nor questioned by the Western Union Company, and in view of its failure to do so, the objections raised by it do not appear to be sufficient now to warrant our refusing Postal Company authority to establish this office. Although duplication of facilities and service may result, the only remedy that appears at the present time for this condition is for Postal Telegraph-

Cable Company and the Western Union Telegraph Company to appear jointly before this Commission requesting an allotment or division of territory within which each shall render telegraph service without competition.

**ORDER.**

The Commission having instituted, upon its own motion, an investigation into the matter of the proposed establishment of a telegraph office in the city of Chico by Postal Telegraph-Cable Company, and there appearing no good reason why Postal Telegraph-Cable Company should not be granted authority for the establishment of such a telegraph office in the city of Chico; a public hearing having been held, and the matter submitted;

*It is hereby ordered*, that Postal Telegraph-Cable Company be and it is hereby granted authority to establish a telegraph office, for the transaction of general telegraph business, in the city of Chico, provided said office is established on or before December 31, 1924; and further provided that notice that said office has been established is given to this Commission within a period of five (5) days after the establishment of said office.

Dated at San Francisco, California, this fourth day of December, 1924.

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DECISION No. 14337.

IN THE MATTER OF THE APPLICATION OF SOUTHERN SIERRAS POWER COMPANY FOR AUTHORITY TO FILE AND MAKE EFFECTIVE NEW SCHEDULES PROVIDING FOR AN EMERGENCY INCREASE OF ELECTRIC RATES.

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Application No. 10187.

Decided December 8, 1924.

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*A. B. West, E. B. Criddle, Henry W. Coil*, for Applicant.  
*George A. French*, for City of Riverside.  
*William Guthrie*, for City of San Bernardino.  
*Charles L. Childers*, for Imperial Irrigation District.  
*W. I. Wilson*, for City of Brawley.  
*Walter S. Clayson*, for City of Corona.  
*William E. Ginder*, for City of Calexico.  
*N. C. Kelley*, for Riverside County Farm Bureau.  
*M. H. Jameson*, Corona.  
*J. B. Dunbar*, for Yuma Ice, Electric and Manufacturing Company.  
*B. W. Dent, B. J. Preston*, for U. S. Bureau of Reclamation, Yuma Project.  
*W. H. Pawson*, for Fruitvale Mutual Water Company, San Jacinto.  
*C. L. McFarland*, for Riverside Portland Cement Company.  
*LeRoy Edwards*, for Southwestern Portland Cement Company.  
*A. S. Chapman*, for Mexicali Light and Water Company.  
*Paul Steindorf*, for Calexico Chamber of Commerce.  
*C. C. Jenkins*, for Imperial County Farm Bureau.  
*Robert Hayes, Charles E. Scott*, for Associated Chambers of Commerce of Imperial County.  
*J. J. Deuel*, for California Farm Bureau Federation.

*J. S. Larcie*, for City of El Centro.

*H. W. Blackburn*, for Coachella Valley County Water District and Coachella Valley Farm Center.

*Charles E. Scott*, for El Centro Chamber of Commerce, and City of Holtville.

*D. B. Roberts*, for City of Holtville.

*H. W. Postlethwaite*, for Coachella Valley Farm Center.

*James E. Barker*, for American Trona Corporation.

*Thomas C. Yager*, for Coachella Valley County Water District.

SEAVEY, *Commissioner*.

#### OPINION.

This is an application of Southern Sierras Power Company for authority temporarily to increase its rates for electricity in order partially to offset the increase in operating expenses brought about by an unusual deficiency in rainfall and corresponding increased use of steam and purchased power to make up the deficiency in the production of hydro-electric power. The Company presented testimony and exhibits to show that, for the sixteen months' period from January 1, 1924, to May 1, 1925, the cost of production would be \$743,000 more than it would have been had the normal amount of water power been available. It estimates that, during the year 1924, it will earn a net revenue of \$538,000, which it claims is a return of but 4.34 per cent upon the reasonable investment in its property. No material increase in the production of hydro-electric power can be expected until the melting of the snow in the spring. Unusual production expenses must, therefore, be met during the first few months of 1925, with a corresponding reduction in net revenue for that year as well as for 1924. Figures submitted by the company show that the rate of return earned on the combined properties of Southern Sierras Power Company and Holton Power Company was 7.32 per cent in 1921, 7.83 per cent in 1922 and 7.79 per cent in 1923.

There is some question as to the use as a basis in this application of a sixteen months' period that is probably the worst that could be chosen and which includes two winter seasons during which the revenue from agricultural power service is at a minimum. While we do not fully accept the figures submitted, there can be no doubt that this company's production expense will be very seriously increased by the dry year conditions and that during the two years in question, its net revenues will be very considerably less than under normal conditions. Aside from this question, however, and any question as to the extent to which such unusual expenses should be made up by consumers, there exists in this case a more important question as to the extent to which it is possible to offset these unusual expenses by an increase in rates.

The rates as a whole of Southern Sierras Power Company were last before this Commission formally in Application No. 5334 and in Decision No. 8119, dated September 16, 1920 (18 C. R. C. 818), a complete schedule of electric rates was fixed. Although the rates so provided did not yield the net return found reasonable in the above decision, the

company has found it necessary, for various reasons, voluntarily to reduce certain of these rates, in order to prevent loss of business. In at least one instance such a voluntary reduction was accompanied by an actual increase in gross revenue received. To quite an extent this company is now supplying electricity in close competition, either actual or potential, with other sources of electric energy or other forms of power. Under such conditions an increase in rates would probably result in loss of business and reduction rather than increase in resulting revenue. Careful consideration shows that it would be possible to increase rates in only a limited portion of the territory served, if at all.

From these practical considerations it appears that it would be impossible and inadvisable to make effective the increase in rates that would be necessary even partially to offset the unusual expenses that must be met.

I submit the following form of order:

#### ORDER.

Southern Sierras Power Company having applied to the Railroad Commission for authority temporarily to increase its electric rates partially to offset the effects of increased operating expenses, public hearing having been held, the matter being submitted and now ready for decision:

The Railroad Commission hereby finds as a fact that, under all of the conditions and circumstances, the existing rates of Southern Sierras Power Company are just and reasonable.

Basing its order on the foregoing finding of fact and upon the findings of fact preceding this order;

*It is hereby ordered*, that the application of Southern Sierras Power Company for authority temporarily to increase electric rates be and it is hereby denied without prejudice.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this eighth day of December, 1924.

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#### DECISION No. 14340.

IN THE MATTER OF THE APPLICATION OF THE CITY OF SOUTH GATE  
FOR ORDER OF AUTHORIZATION FOR GRADE CROSSING OVER,  
ON AND ACROSS THE SOUTHERN PACIFIC RAILROAD TRACKS  
IN THE CITY OF SOUTH GATE.

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Application No. 10458.

Decided December 9, 1924.

*Gordon M. Gale and B. A. Hayne, for Applicant.*

*Frank Karr, for Southern Pacific Company.*

*J. R. Berryman, Jr., for Los Angeles County Grade Crossing Committee.*

*WHITTLESEY, Commissioner.*

### OPINION.

In this application the city of South Gate seeks permission to construct California avenue and Mountain View avenue at grade across Southern Pacific Company's Santa Ana branch.

A public hearing in this matter was held in Los Angeles, November 5, 1924.

South Gate is an incorporated city with an estimated population of 6000, situated about one mile south of Huntington Park in Los Angeles County. The corporate limits extend a little over three-quarters of a mile north and south and a little less than two miles east and west. Southern Pacific Company's track runs through the city in an easterly and westerly direction, dividing the city into about equal parts with respect to area. The business center and greater portion of the residences of South Gate are located north of the railroad. At present there are two public crossings over Southern Pacific Company's track within the city limits which are located at Long Beach boulevard and State street, situated approximately 3200 feet apart. Long Beach boulevard is a through traffic artery extending from Los Angeles to Long Beach and carries a very heavy volume of vehicular traffic. This highway crosses Southern Pacific Company's track in the westerly portion of the city. State street is a north and south highway of South Gate which passes through the business center and is situated approximately in the center of the town. In addition to the two public crossings there are two other crossings over the railroad, one a private crossing used principally to serve a sand and gravel bunker located near Garden View avenue some 1200 feet west of State street, and the other an unofficial crossing near San Juan avenue used by the general public and situated approximately 3300 feet east of State street.

The city of South Gate filed an application with this Commission, April 23, 1923, asking permission to construct Otis street, Chestnut avenue and California avenue at grade across Southern Pacific Company's track in the city of South Gate. By the terms of the Commission's order in its Decision No. 12866, dated November 26, 1923, applicant was granted permission to construct Otis street beneath the tracks of Southern Pacific Company under certain conditions. That portion of the application asking permission to construct Chestnut avenue and California avenue at grade across the railroad was denied without prejudice. Otis avenue is located in the easterly portion of the city some 4500 feet east of State street. The testimony shows that to date the city of South Gate has not exercised its privilege of constructing the Otis street crossing. The principal reason that the work has not gone

forward is, the city officials have felt that the city could not afford the improvement at this time.

The Southern Pacific Company's line involved herein, known as the Santa Ana branch, has a single main-line track along the center of a 100-foot right of way through the city of South Gate. At present the railroad operates normally six freight train movements per day over this branch line. These trains travel at moderate rates of speed in the vicinity of the proposed crossings. Adjacent to the railroad and paralleling it with a width of 45 feet on either side is a public highway known as Independence avenue.

The California avenue crossing applied for herein, is desired to serve the easterly portion of the city, being located some 1800 feet east of State street. This avenue is favorably situated to become an important north and south highway artery extending from its intersection with Long Beach boulevard in Lynwood north to an intersection with Florence avenue in Huntington Park, a distance of some four miles. It passes through Walnut Park, South Gate and Home Gardens. California avenue in the vicinity of the proposed crossing is an 80-foot highway which is unpaved at this time. The evidence shows that the paving of this highway through South Gate is contingent upon the granting of this application; that in the event permission is granted to construct the crossing applied for, the street will be paved at once. The crossing applied for at California avenue will serve as a material convenience to many of the school children attending the school located three blocks to the east of California avenue and 300 feet south of the railroad. No serious objections to the granting of this application were presented. It is evident that California avenue when paved will afford a desirable route for a rather large volume of vehicular traffic in the vicinity, and that public convenience and necessity will then justify the granting of a public crossing over this point. As for protection at the crossing, it would seem that an automatic flagman should be installed, as there will undoubtedly be a large volume of vehicular traffic using this highway when opened, and the fact that the crossing of the railroad is situated between highway intersections adds to its hazard. With a grade crossing at California avenue, it would appear that the unofficial crossing located between San Juan and San Luis avenues should be effectively closed.

The crossing applied for at Mountain View avenue is situated approximately 2400 feet west of the grade crossing at State street and 800 feet east of the Long Beach boulevard crossing. The evidence shows that there is a tentative plan to make Mountain View a through street from Florence avenue in Huntington Park to Long Beach boulevard in South Gate, a distance of about one and one-half miles. The highway is planned to serve the adjacent territory and relieve the congestion on

Long Beach boulevard. At present this street through South Gate is improved with light oil macadam which is now in a rather poor condition. Applicant contends that a crossing at Mountain View avenue would permit of re-routing the municipal busses to advantage, as such re-routing would avoid the necessity of going upon Long Beach boulevard, where heavy traffic is encountered. Until such time as the proposed plans for opening and improving Mountain View avenue have taken final form, there is little public necessity for this crossing to accommodate through traffic, and it would, if installed, shorten the distance but little to local traffic as compared with the courses now available in crossing over the railroad.

From the evidence, it does not appear that public convenience and necessity justifies the granting of a grade crossing at Mountain View avenue at this time. While it would not create a public hazard of unusual magnitude, the public benefit derived does not appear to justify the public hazard and inconvenience to railroad operation that would be incident to its construction.

The following form of order is hereby recommended :

#### ORDER.

The city of South Gate having made application for permission to construct California avenue and Mountain View avenue, respectively, at grade across Southern Pacific Company's track in the city of South Gate, county of Los Angeles, State of California, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision ;

*It is hereby ordered*, that the city of South Gate be and it is hereby granted permission to construct California avenue at grade across Southern Pacific Company's track in the location shown on the map attached to the application and marked Exhibit "A," the said crossing to be constructed, subject to the following conditions :

(1) The entire expense of constructing the crossing shall be borne by applicant. The cost of its maintenance up to lines two (2) feet outside the rails shall be borne by applicant. The maintenance of that portion of the crossing between lines two (2) feet outside of the outside rails, shall be borne by Southern Pacific Company.

(2) The crossing shall be constructed of a width not less than twenty-five (25) feet and at an angle of ninety (90) degrees to the railroad, and with grades of approach not greater than five (5) per cent ; shall be protected by suitable crossing signs, and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

(3) An automatic flagman shall be installed for the protection of said crossing at the sole expense of applicant, said automatic flagman to be of a type and installed in accordance with plans of data approved by

the Commission. The maintenance of said flagman to be borne by Southern Pacific Company.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(5) If said crossing shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

(7) When said crossing is constructed and open to public traffic, the existing grade crossing now used by the public between San Juan and San Luis avenues shall be abandoned and effectively closed at the sole expense of Southern Pacific Company.

*It is hereby further ordered*, that permission to construct Mountain View avenue at grade across the track of Southern Pacific Company be and it is hereby denied without prejudice.

This order shall become effective within ten days after the making thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this ninth day of December, 1924.

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DECISION No. 14341.

IN THE MATTER OF THE APPLICATION OF MONROVIA TELEPHONE  
AND TELEGRAPH COMPANY, A CORPORATION, FOR AUTHORITY  
TO ISSUE STOCK.

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Application No. 10615.

Decided December 9, 1924.

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*Ernest Irwin*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Monrovia Telephone and Telegraph Company asks permission to issue and sell at not less than \$90 per share, 285 shares (\$28,500 par value) of common stock and use the proceeds to pay debts and acquire additional telephone properties.

Monrovia Telephone and Telegraph Company was organized in 1903. It has an authorized stock issue of \$100,000, divided into 1000 shares of



\$100 each. Stock in the amount of \$71,500 is now outstanding. Applicant's funded debt consists of \$25,000 of first mortgage 6 per cent bonds due January 1, 1934, all of which are outstanding. Its notes payable are reported at \$5,000. It is of record that the money obtained through the issue of the notes was used to pay in part for the following:

Final payment on building.....	\$2,000 00
Payment on switchboard equipment.....	738 79
Station equipment .....	853 58
Line material used in construction.....	998 84
Construction pay roll.....	737 15
	<hr/>
	\$5,328 36

The testimony shows that applicant should forthwith expend for the acquisition and construction of additional telephone properties the sum of \$10,223.95. Such amount applicant intends to expend for the following purposes:

75 telephones, average \$10.50 each.....	\$787 50
Installation 75 telephones, material and labor.....	525 00
Additions to switchboard, per estimate from Kellogg Switchboard and Supply Company .....	2,283 45
Labor and incidentals installing same.....	800 00
Estimated cost of cable additions	
5000'—100 pr.— 37c .....	1,850 00
2000'— 50 pr.—.239 .....	478 00
Labor, cable terminals, etc., on cable addition.....	1,500 00
Poles, 2 carloads.....	2,000 00
	<hr/>
	\$10,223 95

It is of record that applicant at this time has 75 delayed telephone orders.

No detailed information was submitted as to the additional construction expenditures which applicant intends to finance through the issue of \$11,500 of stock. J. M. Baldwin, applicant's vice president, testified that in order to give adequate and satisfactory telephone service it will be necessary for the company to spend additional amounts within the near future to increase its telephone facilities. Inasmuch as applicant has not furnished the Commission with a detailed statement showing the purposes for which the proceeds from the sale of \$11,500 of stock will be expended, the order herein will provide that such proceeds shall be deposited with a bank and expended only for purposes hereafter authorized by the Commission.

#### ORDER.

Monrovia Telephone and Telegraph Company, having applied to the Railroad Commission for permission to issue \$28,500 of common stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reason-

ably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered* as follows:

1. Monrovia Telephone and Telegraph Company may issue and sell on or before June 30, 1925, at not less than \$90 per share, 285 shares (\$28,500 par value) of common stock and use the proceeds from the sale of \$17,000 of such stock to pay the \$5,000 of notes and the cost of acquiring and constructing the improvements referred to in the foregoing opinion. The proceeds obtained from the sale of the remaining \$11,500 of stock and any proceeds from the \$17,000 of stock not needed for the purposes mentioned shall be deposited with a bank and may be expended only for such purposes as the Commission will authorize by supplemental order or orders.

2. Monrovia Telephone and Telegraph Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this ninth day of December, 1924.

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DECISION No. 14353.

IN THE MATTER OF THE APPLICATION OF SANTA MONICA BAY TELEPHONE COMPANY FOR AUTHORITY TO CREATE A BONDED INDEBTEDNESS OF TEN MILLION DOLLARS TO EXECUTE A DEED OF TRUST TO SECURE THE SAME, TO PURCHASE PROPERTY, TO ISSUE STOCK AND BONDS FOR CASH AND PROPERTY, AND TO OPERATE UNDER VARIOUS FRANCHISES; OF SANTA MONICA BAY HOME TELEPHONE COMPANY FOR AUTHORITY TO SELL ITS PROPERTY FOR STOCK OF SANTA MONICA BAY TELEPHONE COMPANY.

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Application No. 10412.

Decided December 12, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Railroad Commission by Decision No. 14258, dated November 14, 1924, authorized Santa Monica Bay Telephone Company to issue \$836,000 of bonds, and further ordered that

The authority granted to issue bonds will not become effective until Santa Monica Bay Telephone Company has paid the fee prescribed by section 57 of the Public Utilities Act, nor until the Commission has authorized the Santa Monica Bay Telephone Company to execute a mortgage or deed of trust to secure the payment of

such bonds, nor until the Commission has been advised that Santa Monica Bay Home Telephone Company has complied with the sinking fund provisions of its mortgage or deed of trust.

The company has paid the fee. On November 26th it filed a copy of its proposed mortgage or deed of trust and on December 10th an affidavit signed by E. L. Clymer, assistant trust officer of Title Insurance and Trust Company, showing that Santa Monica Bay Home Telephone Company has complied with the sinking fund provisions of its mortgage or deed of trust.

The Commission has considered the proposed mortgage or deed of trust of the Santa Monica Bay Telephone Company. Section eleven of article seven of the proposed mortgage or deed of trust reads as follows:

No holder of any bond or coupon hereby secured shall have any right as such holder to institute any suit, action or proceeding in equity or at law, on account of any such bond or coupon, or for the foreclosure of this indenture or for the execution of any trust hereof, or for the appointment of a receiver, or for any other remedy hereunder, or by reason hereof, all rights of action hereunder and on account of the bonds and coupons hereby secured being vested exclusively in the trustee.

We do not believe that all rights of action should necessarily be vested in the trustee and are of the opinion that section eleven of article seven should be modified so as to read as follows:

Section 11. No holder of any bond shall have the right to institute any suit, action or proceeding at law or in equity upon or in respect of this Trust Indenture, or for the execution of any trust or power hereof, or for any other remedy under or upon this Trust Indenture, or of the bonds or interest coupons, unless such holder shall previously have given to the Trustee written notice of an existing default; nor unless, also, such holder or holders shall have tendered to the Trustee reasonable security and indemnity against all costs, expenses and liabilities which might be incurred in or by reason of such action, suit or proceeding; nor unless, also, the holders of at least twenty-five (25) per cent in aggregate principal amount of all the bonds then outstanding shall have requested the Trustee in writing, to take action in respect of such default and the Trustee shall have declined to take such action or shall have failed so to do within thirty (30) days thereafter; it being understood and intended that no holder of any bond or interest coupon shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Trust Indenture by his action, or to enforce any right hereunder, except in the manner herein provided, or under or in respect of any of the bonds, and that all proceedings hereunder shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of outstanding bonds.

Nothing in this section contained shall be construed to deprive any bondholder of any remedy which he might otherwise have arising out of fraud, collusion, willful misconduct or gross negligence.

Any provisions of the proposed mortgage or deed of trust that may be inconsistent with section eleven of article seven, as modified herein, should be amended so as to be consistent with said section eleven of article seven.

*It is hereby ordered*, that Santa Monica Bay Telephone Company be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as the mortgage or deed of trust filed with this Commission in the above entitled matter on November 26, 1924,

provided such mortgage or deed of trust is modified, as indicated in this order; and provided further, that the authority herein granted to execute said mortgage or deed of trust is for the purpose of this proceeding only and is granted in so far as the Commission has jurisdiction, under the terms of the Public Utilities Act and is not intended as an approval of such mortgage or deed of trust as to such other legal requirements to which said mortgage or deed of trust may be subject.

*It is hereby further ordered*, that within thirty days after said mortgage or deed of trust is executed, Santa Monica Bay Telephone Company shall file with the Railroad Commission two certified copies of said mortgage or deed of trust, as executed.

*It is hereby further ordered*, that the order in Decision No. 14258, dated November 14, 1924, shall remain in full force and effect, except as modified by this first supplemental order.

Dated at San Francisco, California, this twelfth day of December, 1924.

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DECISION No. 14354.

IN THE MATTER OF THE APPLICATION OF HOME TELEPHONE COMPANY OF COVINA, A CORPORATION, FOR AN ORDER PERMITTING IT TO AUTHORIZE AND CREATE A BONDED INDEBTEDNESS OF SIX HUNDRED THOUSAND DOLLARS AND AUTHORIZING THE ISSUE AND SALE OF FIFTY THOUSAND DOLLARS PAR VALUE OF SAID BONDS, AND IN ADDITION THERETO, FOR AN ORDER AUTHORIZING THE ISSUANCE OF CAPITAL STOCK OF THE PAR VALUE OF FIFTY THOUSAND DOLLARS.

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Application No. 10176 (Supplemental).

Decided December 12, 1924.

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BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

The Commission by Decision No. 13763, dated July 1, 1924, authorized the Home Telephone Company of Covina to issue and sell on or before February 1, 1925, at not less than par \$57,500 of common stock. By Decision No. 14188, dated October 21, 1924, the Commission authorized the Home Telephone Company of Covina to issue and sell on or before April 1, 1925, at not less than 90 and accrued interest \$65,000 of general and refunding mortgage 6 per cent bonds due September 1, 1953. The company reports that it has sold \$25,750 of the stock, leaving \$31,750 unsold. No bonds have been sold to date. It is of record that applicant is unable to sell additional stock at this time.

In its Exhibit No. 1, filed at the hearing had before Examiner Fankhauser on the supplemental petition, applicant reports an indebtedness of about \$95,000 incurred to acquire and install additional telephone

39-33193

properties. To pay this indebtedness it asks permission to issue \$65,000 of bonds in addition to the \$65,000 authorized by Decision No. 14188 and use all of the bonds (\$130,000) or such amount as may be necessary to secure the payment of a note or notes which it intends to issue to obtain funds to pay existing indebtedness.

The order herein will provide that for every \$100 borrowed, applicant may deposit as collateral to secure the payment of such loan not more than \$125 face value of bonds.

The Commission has considered the evidence submitted and is of the opinion that the money, property or labor to be procured or paid for through the issue of the additional bonds and the issue of the notes is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income; therefore

*It is hereby ordered, as follows:*

1. Home Telephone Company of Covina may issue and sell at not less than 90 per cent of their face value and accrued interest, on or before October 1, 1925, \$65,000 of its general and refunding 6 per cent bonds due September 1, 1953, such bonds being in addition to those whose issue is authorized by Decision No. 14188.

2. Decision No. 14188, dated October 21, 1924, is hereby modified so as to permit the Home Telephone Company of Covina to issue and sell at not less than 90 per cent of their face value and accrued interest, on or before October 1, 1925, \$65,000 face value of its general and refunding 6 per cent bonds due September 1, 1953.

3. Home Telephone Company of Covina may issue a note or notes for the sum of not exceeding \$95,000, such note or notes to be payable on or before two years after date with interest at the rate of not exceeding 6 per cent per annum.

4. Home Telephone Company of Covina may deposit the \$130,000 of bonds, or such amount thereof as may be necessary, to secure the payment of the \$95,000 of note or notes, provided that not more than \$125 face value of bonds may be deposited to secure the payment of every \$100 face value of notes issued.

5. The proceeds obtained through the issue of the note or notes herein authorized shall be used by applicant to pay indebtedness set forth in its Exhibit No. 1, filed in this proceeding at the hearing had on December 8, 1924.

6. Decision No. 13763, dated July 1, 1924, is hereby modified so as to permit Home Telephone Company of Covina to issue and sell the stock authorized by such decision on or before October 1, 1925.

7. Any proceeds obtained from the sale of the stock authorized to be issued by Decision No. 13763, dated July 1, 1924, as modified by this order, and any proceeds obtained from the sale of bonds the issue of

which has been authorized by Decision No. 14188, dated October 21, 1924, as modified by this order, or the issue of which is authorized by this order, shall be used to pay indebtedness represented by the note or notes the payment of which is secured by the deposit of bonds herein authorized. Any proceeds not needed for such purpose may be expended only as permitted by a supplemental order or orders of the Railroad Commission.

8. As payments are made on the note or notes herein authorized to be issued, all or a proper proportion of the amount of bonds deposited as collateral shall be returned to applicant's treasury and may thereafter be issued only in accordance with this order or as hereafter authorized by the Commission.

9. Home Telephone Company of Covina shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

10. The authority herein granted to issue bonds will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$65.

11. The order in Decision No. 13763 and Decision No. 14188 shall remain in full force and effect except as modified by this second supplemental order.

Dated at San Francisco, California, this twelfth day of December, 1924.

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DECISION No. 14355.

IN THE MATTER OF THE APPLICATION OF THE CITY OF BEVERLY HILLS FOR AN ORDER AUTHORIZING THE CONSTRUCTION OF CROSSINGS AT GRADE OVER THE PACIFIC ELECTRIC TRACKS AT FOOTHILL ROAD, NORTH TO SANTA MONICA BOULEVARD; ROXBURY DRIVE NORTH, CROSSING SANTA MONICA BOULEVARD.

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Application No. 10277.

Decided December 12, 1924.

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*R. C. Waltz*, City Attorney for Applicant.

*Frank Karr*, for Pacific Electric Railway Company.

*John B. Berryman, Jr.*, for Los Angeles County Grade Crossing Committee.

*SHORE*, Commissioner.

**OPINION.**

In the above entitled application the city of Beverly Hills asks permission to construct Foothill road and Roxbury drive, respectively, at grade across certain tracks of Pacific Electric Railway Company, in the city of Beverly Hills, Los Angeles County, California.

A public hearing was held in this matter at Beverly Hills, September 16, 1924.

At the hearing, applicant, with the consent of the other interested parties, requested that this application be modified to request permission to construct a grade crossing at either Foothill road or Beverly boulevard, in lieu of the original request for permission to construct a grade crossing at Foothill road. Beverly boulevard intersects the railroad at a point approximately 400 feet northeast of the intersection of the proposed Foothill crossing.

By the terms of this Commission's order in its Decision No. 12899, dated December 4, 1924, in Application No. 8911, the city of Beverly Hills was denied permission to construct Beverly boulevard at grade across Pacific Electric Railway Company's track. As set forth in the Commission's opinion of its Decision No. 12899, referred to above,

Beverly boulevard at this location is now a local street but it is contemplated that ultimately this street will be connected through to Los Angeles and become one of the main thoroughfares in this section from Los Angeles to the beach territory. \* \* \*

The construction of Beverly boulevard across the railroad into that portion of Santa Monica boulevard north of the track at grade would create a very hazardous condition. This hazard would be partially due to the normal hazard of any highway being constructed at grade across the railroad and partially due to the junction of this highway immediately adjacent to the railroad crossing with a very heavy traveled through boulevard. Until such time as Beverly boulevard does become a through artery of traffic there does not appear to be any urgent necessity for this crossing but when Beverly boulevard is made a through route of traffic a grade crossing at this point would become one of unusual hazard and if constructed across the railroad it should be constructed other than grade.

The proposed crossing at Foothill boulevard is over Pacific Electric Railway Company's line between Beverly Hills and Hollywood, sometimes known as the "Hollywood line." This crossing is desired to afford an outlet to the north for an industrial district which is developing very rapidly. This district is in the form of a triangle, bounded on the northwest by the said "Hollywood line," on the south by Pacific Electric Railway Company's so-called "West Sixteenth Street line," and on the east by Doheny drive, and is east of the junction of the two railroads.

The principal business district of Beverly Hills lies at the intersection of Canyon drive and Burton way, which point is just south of the junction of these two railroads. While a crossing in the vicinity of Foothill road would not be of material benefit to vehicular traffic between the industrial district referred to above and the business center of the city, it would, however, be of material benefit to traffic from the industrial district to that portion of Beverly Hills lying northwest of Santa Monica boulevard, which constitutes a large portion of the city's residential section. At present this traffic is required to travel south and cross the said "West Sixteenth Street line" at Alpine drive, and thence northerly to Santa Monica boulevard, which involves crossing the rail-

road again; or it must travel easterly to the crossing over the "Hollywood line" at Doheny drive, which is near the east boundary line of the city.

The right of way of the Pacific Electric Railway Company's "Hollywood line," in the vicinity of Foothill road, divides Santa Monica boulevard into two portions. The portion of Santa Monica boulevard parallel to and on the northerly side of the railroad is one of the main highways between Beverly Hills and Hollywood, which is a paved road and carries a large volume of vehicular traffic. The portion of Santa Monica boulevard on the southerly side of the railroad extends from Doheny drive on the east to Alpine drive on the west, a distance of approximately 4200 feet, and carries only a comparatively small volume of local traffic.

Pacific Electric Railway Company normally operates 81 interurban passenger trains and twelve freight trains per day over its "Hollywood line." These trains travel at fairly high rates of speed in the vicinity of Foothill road. Although the highway on either side of the railroad right of way admits of a fairly good view of the tracks, highway intersections on either side of the railroad would add to the hazard of the grade crossing. Under the conditions prevailing, it appears that an automatic flagman should be provided for the protection of this crossing, if installed.

There was no serious objection presented to oppose the granting of a crossing in the vicinity of Foothill road. From the evidence, it appears that public convenience and necessity require that the industrial property referred to above be given a more direct outlet to Santa Monica boulevard, and that a crossing at Foothill road will meet the local needs for the present. If and when a grade separation is effected at the intersection of Beverly boulevard and the said "Hollywood line," the grade crossing at Foothill road, if constructed, should be abandoned and effectively closed.

Pacific Electric Railway Company presented estimates showing costs of the two different types of crossings which might be installed over its line at Foothill road, one of a permanent nature to cost approximately \$2,180, and the other of lighter construction to cost \$1,485. An automatic flagman was included in each estimate. In view of the fact that the crossing at Foothill road is intended primarily for local traffic and may be discontinued within a few years, if and when a grade separation is effected at Beverly boulevard, it would seem that a cheaper type of construction would be appropriate under these conditions.

The grade crossing applied for at Roxbury drive is situated southwest of the business center of Beverly Hills and over Pacific Electric Railway Company's line between Beverly Hills and Sawtelle. In the vicinity of Roxbury drive, Santa Monica boulevard, which is a very



heavily traveled highway, is parallel to and on the northerly side of the railroad right of way, while Burton way is parallel to and near the southerly side of the railroad property. The nearest public crossings over the railroad to Roxbury drive are located to the southwest at Wilshire boulevard some 900 feet distant and to the northeast at Rodeo drive, a distance of approximately 1100 feet.

The proposed crossing at Roxbury drive is desired primarily to relieve congestion at the intersection of Wilshire boulevard and Santa Monica boulevard, two heavily traveled highways between Los Angeles and the beach district. The evidence shows that at times the traffic becomes so dense at this intersection that even under the direction of police regulation, requiring the traffic to follow only certain courses, delays of considerable magnitude are experienced. Another element that adds to the congestion at this intersection is the fact that the railroad crosses Wilshire boulevard immediately east of Santa Monica boulevard. With a crossing over the railroad at Roxbury drive, it would permit of diverting traffic off Wilshire boulevard, by way of Roxbury drive and Carmelita avenue, and thus avoid the intersection of Wilshire boulevard and Santa Monica boulevard. In addition to serving as a convenience for through traffic, this crossing, if constructed, will afford a convenient crossing over the railroad for local traffic originating on or in the vicinity of Roxbury drive in that it will permit of a direct route to Wilshire boulevard and the business center of Beverly Hills.

Some consideration has been given to the question of effecting a grade separation at the intersection of Wilshire boulevard and Santa Monica boulevard, but due to the fact that this improvement will involve a large expenditure of money, there has, as yet, been no definite plan worked out for this improvement. If, and when, a grade separation is effected at this intersection, public necessity for a grade crossing at Roxbury drive would not be great.

The railroad involved at the proposed Roxbury drive crossing is Pacific Electric Railway Company's so-called "Sawtelle line," over which there are normally 141 passenger train and 12 freight train movements per day. These trains travel at fairly high rates of speed in the vicinity of Roxbury drive.

The Los Angeles County Grade Crossing Committee introduced evidence to show that this crossing, if constructed, would be a hazardous one, due to the fact that if the crossing serves the purpose it is intended for it will at times carry a large volume of vehicular traffic over an important railroad with an intersection of Roxbury drive and Santa Monica boulevard immediately northwest of the railroad, together with the fact the view of the crossing is somewhat impaired by trees on Santa Monica boulevard.

From the evidence, it appears that public convenience and necessity

require the granting of this crossing contingent upon its being protected by a traffic officer of the police department of the city during times when there is a large volume of vehicular traffic on the highways effecting the crossing. In addition, there should be installed an automatic flagman to protect the crossing during times when the traffic officer is not on duty. The city of Beverly Hills has indicated its willingness to maintain a traffic officer at this grade crossing, if allowed, during Sundays and holidays, when traffic is heavy on the adjacent highways.

Pacific Electric Railway Company submitted estimates showing cost of two different types of crossings that might be constructed at this location. One of a permanent nature to cost \$2,130, and the other of lighter construction to cost \$1,190. Both estimates include an automatic flagman. In view of the fact that these crossings may be in existence only a few years, pending the effecting of a grade separation at Santa Monica boulevard and Wilshire boulevard, it appears that in the interest of economy, the cheaper type of construction should be used.

The following form of order is recommended:

#### ORDER.

The city of Beverly Hills, having made application for permission to construct either Foothill road or Beverly boulevard and Roxbury drive, respectively, at grade across certain tracks of Pacific Electric Railway Company, in the city of Beverly Hills, a public hearing having been held in this application, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that permission and authority be and it is hereby granted to the city of Beverly Hills, county of Los Angeles, State of California, to construct Foothill road, and Roxbury drive, respectively, at grade across the tracks of Pacific Electric Railway Company at the locations as shown by the map attached to the application, said crossings to be constructed subject to the following conditions, namely:

(1) The entire expense of constructing the crossings shall be borne by applicant. The cost of their maintenance up to lines two (2) feet outside of the outside rails shall be borne by applicant. The maintenance of that portion of the crossings between lines two (2) feet outside of the outside rails shall be borne by Pacific Electric Railway Company.

(2) The crossings shall be constructed of a width not less than twenty-four (24) feet and at an angle of ninety (90) degrees to the railroad and with grades of approach not greater than four (4) per cent; shall be protected by suitable crossing signs and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

(3) An automatic flagman shall be installed for the protection of said

crossing of Foothill road at the sole expense of applicant, said automatic flagman to be of a type and installed in accordance with plans or data approved by the Commission. The maintenance of said automatic flagman shall be borne by Pacific Electric Railway Company.

(4) If and when a grade separation is effected at the intersection of Beverly boulevard and Pacific Electric Railway Company's said "Hollywood line," the grade crossing at Foothill road herein authorized shall be abandoned and effectively closed to public use and travel.

(5) An automatic flagman shall be installed for the protection of said crossing of Roxbury drive at the sole expense of applicant, said automatic flagman to be of a type and installed in accordance with plans or data approved by the Commission. The maintenance of said automatic flagman shall be borne by Pacific Electric Railway Company.

(6) If and when a grade separation is effected at the intersection of Wilshire boulevard and Pacific Electric Railway Company's "Sawtelle line," the grade crossing at Roxbury drive herein authorized shall be abandoned and effectively closed.

(7) The city of Beverly Hills shall maintain a traffic officer of its police department for the protection of said grade crossing at Roxbury drive during hours when there is a large volume of traffic on the adjacent highways which affects this crossing, in accordance with a schedule which shall have the approval of the Commission.

(8) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossings.

(9) If said crossings shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(10) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossings as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twelfth day of December, 1924.

## DECISION No. 14356.

IN THE MATTER OF THE APPLICATION OF CITY TRANSIT, INCORPORATED, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUE OF STOCK.

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Application No. 10595.

Decided December 12, 1924.

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*Allard and Mitchell*, for Applicant.

By THE COMMISSION.

**OPINION.**

The Railroad Commission is asked to make an order authorizing City Transit, Incorporated, a corporation, to issue and sell at par \$15,000 of common stock.

Applicant was organized in August, 1924, with an authorized stock issue of \$25,000, divided into 250 shares of the par value of \$100 each.

In Application No. 10600 applicant asks permission to acquire the property (Citrus Belt bus line) which the Commission by Decision No. 14008, dated September 5, 1924, in Application No. 10401, authorized W. H. Neher to sell to Joseph K. Hawkins for the sum of \$5,000. Applicant intends to pay for this property through the issue of \$5,000 of stock. The \$5,000 is included in the \$15,000 of stock mentioned above. The properties acquired by Joseph K. Hawkins consist of the right to operate auto stages from Pomona to San Dimas and La Verne, and two Reo stages. Since the acquisition of the properties by Joseph K. Hawkins one of the stages has been destroyed by fire, while the other is only occasionally used. The financial statement filed herein shows \$4,000 charged to interurban franchises and \$1,000 to equipment. For the purpose of this proceeding we will consider the equipment to be turned over to applicant to be worth \$500. Section 52 of the Public Utilities Act reads in part as follows:

The Commission shall have no power to authorize the capitalization of the right to be a corporation, or to authorize the capitalization of any franchise or permit whatsoever or the right to own, operate or enjoy any such franchise or permit, in excess of the amount (exclusive of any tax or annual charge) actually paid to the state or to a political subdivision thereof as the consideration for the grant of such franchise, permit or right.

Applicant was unable to furnish the Commission with any information showing the amount expended by its predecessor in obtaining the right to operate auto stages between Pomona, San Dimas and La Verne. In view of the provision of the Public Utilities Act and the record in this proceeding, the Commission can not authorize the issue of any stock to acquire the right to operate auto stages between Pomona, San Dimas and La Verne.

Testimony shows that applicant, under date of September 15, 1924, entered into a contract with the Mack International Motor Truck Corporation covering the purchase of one De Luxe bus, two 29-passenger city busses and three 25-passenger city busses, on which contract there was a balance due of \$52,833. Five of the busses are being operated within the city limits of Pomona, while one has been used on the Pomona, San Dimas and La Verne run.

It is further of record that J. H. McKee has advanced \$1,000, W. E. Dean \$500 in cash, while Joseph K. Hawkins is said to have advanced, for the benefit of the corporation, \$7,484.55, which includes the \$5,000 that he has paid or agreed to pay for the Citrus Belt Bus Line and franchise, together with two busses. We are of the opinion that the Commission can not authorize the capitalization of more than \$500 of the amount which he has agreed to pay for this property.

The order herein will permit applicant to issue \$15,000 par value of common stock. Of this stock \$3,000 may be delivered to Joseph K. Hawkins to reimburse him for advances made in the interest of applicant corporation, \$1,000 to J. H. McKee and \$500 to W. E. Dean. The remainder of the stock, namely \$10,500, shall be sold by applicant for cash at not less than par and the proceeds used to pay part of the balance due on the equipment referred to in the contract filed in this proceeding.

#### ORDER.

City Transit, Incorporated, having applied to the Railroad Commission for permission to issue \$15,000 of stock, a hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of such stock is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, as follows:

1. City Transit, Incorporated, may issue and deliver, on or before October 1, 1925, to Joseph K. Hawkins \$3,000 of common stock, to J. H. McKee \$1,000 and to W. E. Dean \$500 in payment for advances made by them.
2. City Transit, Incorporated, may issue and sell for cash at not less than par on or before October 1, 1925, \$10,500 of stock and use the proceeds to pay the balance due on the stage equipment referred to in the contract filed in this proceeding.
3. City Transit, Incorporated, shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's

General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twelfth day of December, 1924.

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DECISION No. 14357.

RICHFIELD OIL COMPANY, A CORPORATION.

vs.

SUNSET RAILWAY COMPANY, A CORPORATION.

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Case No. 1990.

Decided December 12, 1924.

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*B. H. Carmichael, H. W. Glensor and F. W. Turcotte, for Complainant.  
E. W. Camp and B. Levy, for Defendant.*

BY THE COMMISSION.

**OPINION.**

Complainant is a corporation duly authorized under the laws of the State of California engaged in the oil business, with its principal place of business in Los Angeles.

It alleges, by complaint filed March 29, 1924, and as amended at the hearing, that the rates assessed by the defendant on various tank car shipments of petroleum gas oil and refining tops from Shale, Fellows and Pentland to Bakersfield during the period July 1, 1922, to January 15, 1924, were excessive, unjust, unreasonable, discriminatory and prejudicial to the complainant and in violation of sections 13 and 19 of the Public Utilities Act; that, effective January 15, 1924, defendant established from Shale, Fellows and Pentland to Bakersfield a rate of 5 cents per 100 pounds on distillate, untreated, viz, refining tops for further refining, and that the petroleum gas oil shipped by the defendant was the same commodity as referred to in the defendant's tariff as refining tops for further refining.

Reparation is sought only on shipments moving during the period from July 1, 1922, to January 15, 1924.

No evidence of undue prejudice or discrimination was submitted and there will be no findings upon these allegations.

Complainant operates a refinery at Bakersfield, and ships from Shale, Fellows and Pentland to Bakersfield a raw petroleum product, known as tops, for further refining. Shale is 55 miles, Fellows 52 miles and Pentland 37 miles from Bakersfield, an average distance of 48 miles. Complainant does not own a pipe line serving these points and these oil fields are its most practicable source of supply.

In its operations a topping plant is conducted in the field, where the crude oil is partially refined. The first cut in the field refining process is shipped direct to Los Angeles; the third cut is sold as fuel oil, and neither of these products is involved in this proceeding. It is the second, or middle, cut with which we are concerned. This second cut is a lower grade commodity than the first and is shipped to Bakersfield, where it is further refined and from which three products are obtained: First, a gas stock, used in the manufacture of commercial gasoline; second, kerosene, and third, an oil. This latter is reshipped to the fields for absorption purposes. All these commodities are again shipped out of Bakersfield.

Complainant's products are marketed principally in the vicinity of Bakersfield and in southern California. The prices of its products are fixed by competition with plants located at Maltha, Seguro and the refineries in southern California.

During the period from July 1, 1922, to January 15, 1924, the rates assessed on complainant's shipments were: To Bakersfield from Shale and Fellows \$1.58 per ton of 2000 pounds, and from Pentland \$1.47 per ton. The tariff item naming these rates provided a description on oils, petroleum or petroleum products, viz, petroleum gas oil. The complainant described the shipments as gas oil and rates were assessed as above, but defendant now contends the shipments were misdescribed. A substantial portion of the record dealt with the technicalities as to what the term "gas oil" included, but it appears "gas oil" as generally known to the trade in this territory is a grade of raw material containing various commodities of commercial value, such as oil, kerosene and absorption gasoline, which may be obtained upon further refining. The shipments made by the complainant were raw material for further refining.

Effective January 15, 1924, the defendant established a rate of 5 cents per 100 pounds from Shale, Fellows and Pentland to Bakersfield on petroleum or petroleum products, viz, distillate, untreated; viz, refinery tops for further refining, and the complainant is in accord with such description and is agreeable to its continuation. Such description covered the shipments made by complainant during period July 1, 1922, to January 15, 1924.

In Application No. 817, Decision No. 1298, February 25, 1914, commonly known as the tops case, the Commission denied the carriers authority to amend tariffs providing a higher rate on refinery tops than contemporaneously in effect on crude oil. The crude oil rate of 5 cents per 100 pounds now in effect from Shale, Fellows and Pentland to Bakersfield was prescribed as a just and reasonable rate by this Commission, August 7, 1923, in Case No. 1793, *Richfield Oil Company vs. Sunset Railway Company*, 23 C. R. C. 772; at the same time reparation

was awarded to basis of 5 cents per 100 pounds against all shipments of crude oil moving subsequent to July 1, 1922, on which higher rates were assessed. The majority of the shipments covered by this proceeding moved during the same period as did the crude oil.

The defendant submitted exhibits intended to set forth the gas and crude oil rates in Kansas and Oklahoma for distances comparable with those here in question, but it does not appear the operating, traffic or general adjustment of rates in that territory are the same as prevail in this.

Defendant also submitted exhibits indicating instances in California where higher rates are maintained on gas oil than on crude oil, but where such conditions exist, the movement of gas oil is practically nil, and such adjustment has not been before the Commission for adjudication.

It is stated the Sunset Railway suffered a net operating loss of \$3,266.53 for the month of July, 1924, but it appears the Richfield Oil Company shipped very little oil during the month of July, 1924, which, no doubt, accounts to some extent for such deficit.

The average weight of complainant's shipments was 74,476 pounds and, based on an average haul of 48 miles and a rate of 5 cents per 100 pounds, the applicable rate on crude oil from and to the points named, which was found just and reasonable by the Commission in *Richfield Oil Company vs. Sunset Railway Company, supra*, and in the topping case, Application 817, *supra*, would produce a car revenue of \$37.24, per car mile revenue of 77½ cents and a per ton mile revenue of \$0.0208.

After a consideration of all the facts of record, we are of the opinion and find that the rates assessed on complainant's shipments involved in this proceeding were unreasonable to the extent they exceeded 5 cents per 100 pounds, minimum weight full shell gallonage capacity of car used, which rate we find just and reasonable to apply on distillate, untreated, viz, refining tops for further refining; that the complainant made the shipments as described and paid and bore the charges thereon upon the basis herein found unreasonable; that it has been damaged to the amount of the difference between the charges paid and those that would have accrued on the basis herein found reasonable, and is entitled to reparation with interest.

Complainant should submit statement of shipments to the defendant for check. Should it not be possible to reach an agreement, the matter may be referred to this Commission for further consideration and the entry of a supplemental order, should such be necessary.

#### ORDER.

This case being at issue upon complaint and answer on file, having been fully heard and submitted by the parties, full investigation of the



matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof;

*It is hereby ordered*, that the Sunset Railway Company be and it is hereby authorized and directed to refund, with interest, to the Richfield Oil Company all charges that may have been collected in excess of 5 cents per 100 pounds, the rate found to be just and reasonable for the transportation of distillate, untreated, viz, refining tops for further refining, from Shale, Fellows and Pentland to Bakersfield, moving on and after July 1, 1922.

Dated at San Francisco, California, this twelfth day of December, 1924.

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DECISION No. 14358.

SIERRA OIL AND REFINING COMPANY, A CORPORATION.

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.

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Case No. 2052.

Decided December 12, 1924.

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*Guyon H. Baker*, for Complainant.

*F. W. Mielke, L. N. Bradshaw*, for Southern Pacific Company.

BY THE COMMISSION.

**OPINION.**

Complainant, a corporation, is engaged in the business of refining, shipping and marketing petroleum and petroleum products, with offices at Los Angeles.

By complaint filed October 10, 1924, it alleges that the rates charged for the transportation of crude petroleum oil shipped from Fillmore and Los Angeles to Leesdale during the period December 27, 1923, to March 4, 1924, were unreasonable, excessive and in violation of section 13 of the Public Utilities Act. We are asked to award reparation only. The charges were collected from both Fillmore and Los Angeles to Leesdale at rate of  $12\frac{1}{2}$  cents per 100 pounds, as provided in Southern Pacific Local, Joint and Proportional Tariff No. 333-G, C. R. C. 2496. Reparation is sought on the basis of 5 cents per 100 pounds against the shipments moving from Fillmore to Leesdale, and 6 cents per 100 pounds against shipments moved from Los Angeles to Leesdale. Effective January 25, 1924, defendant established in its Tariff C. R. C. No. 2496 rate of 9 cents per 100 pounds from Los Angeles to Leesdale for the transportation of crude petroleum oil, carloads, and effective April 27, 1924, in the same tariff, established rate 8 cents per 100 pounds on the same commodity from Fillmore to Leesdale.

A hearing was conducted before Examiner Geary at San Francisco, December 10, 1924. No testimony or exhibits were presented by either complainant or defendant.

Defendant admitted that the charges collected on the basis of 12½ cents per 100 pounds from both shipping points was excessive and unreasonable and was agreeable to paying reparation, based upon the present rate of 9 cents per 100 pounds from Los Angeles to Leesdale, which became effective January 25, 1924, and rate of 8 cents per 100 pounds from Fillmore to Leesdale, made effective April 27, 1924. This adjustment was satisfactory to complainant.

We find that the rates charged for the transportation of thirteen carloads of crude petroleum oil shipped from Fillmore to Leesdale, and two cars from Los Angeles to Leesdale during the period December 27, 1923, to March 4, 1924, were unreasonable to the extent they exceeded rate of 9 cents per 100 pounds from Los Angeles to Leesdale prior to January 25, 1924, and rate of 8 cents per 100 pounds from Fillmore to Leesdale prior to April 27, 1924; that the complainant made the shipments as described and paid and bore the charges thereon; that it has been damaged, and that the excess collection amounting to \$619.92 should be awarded as reparation.

#### ORDER.

This case being at issue upon complaint and answer on file, having been fully heard and submitted by the parties, full investigation of the matters and things involved having been had, and basing this order on the findings of fact and the conclusions contained in the opinion, which said opinion is hereby referred to and made a part hereof,

*It is hereby ordered*, that the Southern Pacific Company be and is hereby authorized and directed to refund to the Sierra Oil and Refining Company, a corporation, the sum of \$619.92, this being the difference between the amount collected and what would have been collected on the basis of a rate of 9 cents per 100 pounds from Los Angeles to Leesdale, and 8 cents per 100 pounds from Fillmore to Leesdale against the shipments involved, which rates are found to be just and reasonable for the transportation of crude petroleum oil between the points in question.

Dated at San Francisco, California, this twelfth day of December, 1924.

## DECISION No. 14362.

PACIFIC PORTLAND CEMENT COMPANY, CONSOLIDATED,  
A CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION.  

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Case No. 1730.

Decided December 12, 1924.  

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BY THE COMMISSION.

**ORDER OF THE COMMISSION ON PETITION FOR REHEARING.**

*In the matter of the petition of the Southern Pacific Company for a rehearing in Decision No. 13065, Case No. 1730, made and filed herein on January 19, 1924, which decision ordered the defendant carrier to pay unto the complainant reparation against the charges collected for the transportation of crude lime rock moving from Flint to Tolenas during the federal guaranty period, March 1, to August 31, 1920.*

It appearing that on February 18, 1924, the Commission entered its order in the above entitled proceeding denying petition of the Southern Pacific Company for a rehearing, and that on March 13, 1924, it issued its order rescinding prior order denying rehearing. This last order was granted after a hearing upon the showing that there was pending before the Supreme Court of California a proceeding involving the right of this Commission to order the carriers to pay reparation during the so-called federal guaranty period, March 1, 1920, to and including the thirty-first day of August, 1920.

The Supreme Court on November 5, 1924, in the case of *Southern Pacific Company vs. Railroad Commission*, S. F. 11012, 68 Cal. Dec. 401, held that the Railroad Commission possessed jurisdiction to award reparation for excessive or unreasonable charges made and paid during the so-called federal guaranty period.

*It is therefore ordered*, that the Commission set aside its Decision No. 13262 in Case No. 1730, dated March 13, 1924.

*It is further ordered*, upon consideration of the matters involved, and good cause appearing therefor, that the petition of the Southern Pacific Company for a rehearing in the above entitled proceeding be and it is hereby denied.

Dated at San Francisco, California, this twelfth day of December, 1924.

## DECISION No. 14363.

IN THE MATTER OF THE APPLICATION OF EAST HIGHLANDS  
DOMESTIC WATER COMPANY, A CORPORATION, FOR AUTHORITY  
TO ISSUE STOCK.

Application No. 7588.

Decided December 13, 1924.

BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

East Highlands Domestic Water Company asks permission to use the proceeds obtained from the sale of stock which the Commission has heretofore authorized to be issued by Decision No. 10869, dated August 17, 1922.

Under the authority granted by this decision, East Highlands Domestic Water Company issued \$38,030 of its capital stock, of which \$35,000 was delivered to Plunge Creek Mutual Water Company in payment for properties and \$3,030 was sold for cash at par. By its first supplemental order in this proceeding, Decision No. 12114, dated May 19, 1923, the Commission authorized the company to use \$2,399.78 of the proceeds obtained from the sale of stock to finance the cost of extensions, additions, betterments and improvements. The remaining proceeds may be expended only as authorized by the Commission in supplemental orders.

The company now reports that it has borrowed from East Highlands Orange Company the sum of \$551.23, which it has used in making necessary extensions to its water system consisting of new steel pipe lines. It now asks permission to use a like amount of cash obtained from the sale of its stock to pay this indebtedness. The Commission has given consideration to this request and believes it should be granted. It further believes that the company at this time should be permitted to use for proper capital purposes the remaining proceeds, amounting to \$78.99, which the company has on hand; therefore

*It is hereby ordered*, that East Highlands Domestic Water Company be and it is hereby authorized to use \$551.23 obtained from the sale of the stock authorized by Decision No. 10869, dated August 17, 1922, to pay indebtedness incurred in making extensions, additions and betterments referred to herein, and to use \$78.99 of such proceeds for the purpose of financing the cost of additions and betterments chargeable to fixed capital as defined by the uniform classification of accounts prescribed by the Commission for water companies, such authority to become effective upon the date hereof.

*It is hereby further ordered*, that the order in Decision No. 10869, dated August 17, 1922, shall remain in full force and effect except as modified by this second supplemental order.

Dated at San Francisco, California, this thirteenth day of December, 1924.

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DECISION No. 14365.

IN THE MATTER OF THE APPLICATION OF EAST SIDE CANAL AND IRRIGATION COMPANY, A CORPORATION, IN RE SERVICE AND RATES IN 1924.

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Application No. 10486.

Decided December 16, 1924.

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RATES.—WATER UTILITY.—FAILURE TO SERVE.—East Side Canal and Irrigation Company is directed to apply to 1925 accounts of patrons the amounts paid for service during the 1924 season, where no service was rendered; and to charge patrons, who received only a portion of their normal supply in 1924, amounts corresponding to the water delivered, and to credit the balance on their accounts for 1925.

*G. J. Hatfield and F. B. Wood*, for Applicant.

*WHITTLESEY*, Commissioner.

OPINION.

This is an application by East Side Canal and Irrigation Company, a public utility furnishing water for irrigation in and in the vicinity of Stevinson, Merced County.

Applicant alleges that its property consists of a canal approximately twenty-one miles in length, together with the appurtenant and necessary structures and reservoirs for distributing irrigation water for agricultural purposes, and claims the right to divert 500 cubic feet of water per second from the San Joaquin River when such amount is flowing therein, subject to certain riparian and prior appropriation rights above the point of intake. It is also alleged that owing to the extreme drought and lack of rainfall no water has flowed in the San Joaquin River at or near the point of diversion of the system during the entire irrigation season of 1924, and that as a result a number of water users who have paid in advance for service have received no water.

It is further alleged that during the irrigation season of 1924, the company obtained a limited supply of water from Bear Creek, a small stream which crosses the main canal at a point several miles below the point of diversion from the San Joaquin River and from which source an occasional supplemental supply of water is obtained, and that by this means the company was able to supply a portion of its consumers with water for a single irrigation and to certain other consumers sufficient water for a partial irrigation of their lands.

In view of the fact that the practices of this company require the payment for service to be made in advance of the irrigation season and that the cost of operation has been the same as it would have been had an adequate supply of water been available, applicant alleges that it should not be held responsible or accountable for the lack or depletion of water supply wholly beyond its control, and therefore requests the Railroad Commission to determine its rights and obligations in the matter of the disposition of the moneys collected for irrigation service for the season of 1924.

A public hearing in the above entitled proceeding was held at Newman, Stanislaus County, after all interested parties had been duly notified and given an opportunity to be present and be heard.

The schedule of rates at present in effect on this system was established by the Railroad Commission in Decision No. 6274, decided April 17, 1919, and is as follows:

*Flat.*

Per acre per annum for water delivered for irrigation of lands at turn-outs provided along the banks of its main canal and the Collier Extension of same, and payable on or before February first, for use during the ensuing year..... \$2 00

From the evidence presented it appears that the San Joaquin River in the vicinity of the main diversion of this system, with the exception of two days, has been dry since the middle of March of this year, and as a result there has been no water available at the intake of the canal during the entire irrigation season. Sixty-nine consumers, however, received one irrigation or partial irrigation from water coming into the main canal from Bear Creek. The remaining one hundred and twenty-one consumers received no irrigation water whatsoever.

It is the contention of the company that the costs of management, operation and maintenance of its irrigation system have been practically the same as though an adequate supply of water had been available and normal service rendered its consumers and that as the failure of supply can be attributed only to the excessively dry year, a matter wholly beyond its control, the company will suffer very severe financial hardship if the revenues collected for this season must be returned to the consumers. The water users, however, who did not receive water at any time during the year, feel that the money advanced by them at the beginning of the season for irrigation service should be refunded by the company, or at least applied as a credit to their accounts for service to be rendered during the season of 1925. Those consumers who received sufficient water for one irrigation, or a partial irrigation, consider that they are at least entitled to a refund of part of the money which they have advanced for service, or to have such amounts credited to their accounts as above.

The schedule of rates as fixed by the Commission specifically states that the charge per acre of \$2 is for "water delivered." It is clear therefore that those water users who received no water in return for their prepayment of service are entitled either to a refund of the amounts so paid or credit to that extent for future water deliveries. It is also equally clear that in the case of those consumers who received only a part of their normal water deliveries, the company is entitled in all fairness to receive some compensation for such water as was delivered, and such consumers are entitled to have returned to them by way of credit for future use or otherwise, the value of the difference between their usual deliveries and the quantities actually received.

It should be clearly understood that any irrigation system operating with such limited storage facilities as this is subject to a considerable uncertainty of water supply resulting from the fluctuations in rainfall and stream flow from year to year, and for that reason obligates itself only to furnish to its consumers such water as may be available at its points of diversion. Years of limited supply therefore must be expected and under ordinary circumstances variations in water deliveries resulting from such causes would probably not be subject to general adjustment. However, conditions on this system throughout the entire irrigation season of 1924 were so abnormal and extreme that the majority of users received no water at all and those who were able to obtain water unfortunately did not secure a sufficient quantity to be of much benefit and were not able to mature their crops.

While the Commission fully recognizes the fact that the refunding of this money will work a considerable financial hardship upon the utility, the additional fact must not be lost sight of that the great majority of the water users have also suffered very severe and disastrous losses through their failure to obtain water to irrigate their crops.

After a careful consideration of the evidence presented in this matter it appears that it will be most equitable to all concerned to authorize the applicant herein to refund the amounts paid for irrigation water this season by crediting such sums to the respective accounts of those consumers for the irrigation season of 1925 as set out in the following order:

#### ORDER.

East Side Canal and Irrigation Company, a corporation, having made application to this Commission asking for a determination of its rights and obligations in regard to moneys collected for the season of 1924 for irrigation service which it was unable wholly or in part to deliver to its consumers, a public hearing having been held thereon, the matter having been submitted, and the Commission being now fully informed thereon, and it appearing that East Side Canal and Irrigation

gation Company, a corporation, has failed completely in many cases and to a large degree in others, to deliver water for irrigation purposes during the season of 1924 to its water users from whom it has collected the charges for service in advance of deliveries;

*It is hereby ordered*, that East Side Canal and Irrigation Company be and it is hereby authorized and directed to credit to those consumers who paid for irrigation water to be delivered during the season of 1924 and received no water during that season, the amounts so paid, the same to be applied on irrigation water to be delivered during the season of 1925; and to charge those consumers who received irrigation water from Bear Creek in the proportion that the water received bears to the quantity of water which would have been delivered to them from the system under average conditions of supply, and shall credit the amounts remaining, if any, to the respective accounts of those consumers to apply on irrigation water to be delivered during the season of 1925.

*It is hereby further ordered*, that in case any of the consumers entitled to credit as ordered above do not receive irrigation service from the East Side Canal and Irrigation Company during the coming irrigation season of 1925, said company shall upon demand of such consumer or consumers refund the amounts due, on or before the first day of November, 1925.

*It is hereby further ordered*, that the East Side Canal and Irrigation Company serve or cause to be served a notice setting forth the provisions of this order upon each consumer affected thereby.

The effective date of this order is hereby fixed as December 22, 1924.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this sixteenth day of December, 1924.

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DECISION No. 14369.

HIGHWAY TRANSPORT COMPANY ET AL.

VS.

HENRY E. HOLMES, P. W. HOLMES ET AL.

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Case No. 1975.

Decided December 17, 1924.

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TRANSPORTATION—AUTO TRUCKS—LEASE SERVICE—ILLEGAL OPERATION.—It is held that so-called leasing of trucks or space on trucks for transportation of property is in fact merely a form of contract service, and is subject to the jurisdiction of the Commission. The contention of defendants that they are not operating trucks over regular routes and between fixed termini is disallowed, and defend-



ants are found to have been operating a transportation service without a certificate from the Commission.

*Walter H. Robinson and Guyon H. Baker, for Complainants.*

*Thelan and Marrin, for Defendants.*

*F. W. Mielke, for Southern Pacific Company and American Railway Express Company, interveners on behalf of Complainants.*

*Derlin and Brookman, by Douglas Brookman, for South Shore Port Company, Interveners.*

SEAVEY, *Commissioner.*

#### OPINION.

This proceeding is a complaint brought on behalf of the Highway Transport Company, a corporation, and S. B. McLenegan and C. S. McLenegan, as copartners doing business under the firm name of S. B. McLenegan & Son, complainants, against H. E. Holmes and P. W. Holmes, individually and as copartners doing business under the name of Holmes Motor Transport Company and also under the name of H. E. and P. W. Holmes.

Public hearings were held at San Francisco on March 25, and April 11 and 12, 1924, at which time the matter was submitted subject to briefs, which later were filed. The matter is now ready for decision.

The complaint states in effect that complainants are transportation companies as defined under the Auto Stage and Truck Transportation Act (chapter 213, Statutes 1917, as amended), both having been duly authorized, as provided in that act, to operate automotive truck service for the transportation of property for compensation between San Francisco, San Jose and intermediate points, and that they are at the present time so engaged; that defendants have for some time been engaged in the business of operating trucks for the transportation of freight, express, provisions and other supplies for hire over the public highways between San Francisco and San Jose and intermediate points; that such operation falls within the provisions of the said Auto Stage and Truck Transportation Act, and that defendants are operating in violation of the provisions of said act in that they have never obtained from the Railroad Commission a certificate declaring that public convenience and necessity require the service rendered by them; that they have not filed their tariff of rates or time schedules with the Railroad Commission, nor were they operating prior to the effective date of the act, section 5 of which provides that no certificate shall be required of any transportation company engaged in good faith in the operation of automotive vehicles for the transportation of persons or property for compensation on May 1, 1917, and continuously since that time.

In their answer, defendants deny that they are engaged in operating trucks for the transportation of property for compensation between any fixed termini or over any regular route within the State of California; deny that they solicit business or take orders for business for

the carriage of freight or express matter from the public in San Francisco, or persons in San Mateo and Santa Clara counties, and further deny that they are a transportation company or are operating in violation of law. Defendants allege themselves to be the owners of certain automotive trucks which are claimed to be leased to a limited number of selected shippers of freight. They declare that no transportation business is conducted by them except under and in accordance with the provisions of the so-called "lease," a copy of which is attached to the answer.

By stipulation, interested parties agreed that both complainants are operating lawfully in accordance with the provisions of the Auto Stage and Truck Transportation Act; that defendants have never secured a certificate of public convenience and necessity from the Railroad Commission, and that defendants were not engaged in good faith in the operation of automotive trucks for the transportation of property for compensation over the public highways on May 1, 1917. It is therefore necessary to review the testimony and exhibits introduced herein in order to discover the nature of the operation of defendants in the transportation of property, and to determine therefrom whether or not such operation falls within the provisions of the statute.

A public hearing was held in this matter and at said hearing a number of witnesses were called by complainant, all of whom were either shippers or receivers of freight in the territory of San Francisco and San Jose, inclusive. Several of these witnesses were retail merchants who received shipments of freight from San Francisco; others were traffic managers or officials of wholesale houses in the city of San Francisco who shipped freight to customers down the peninsula, to San Jose and adjacent territory.

It seems clear that defendants have operated under written agreements with shippers, which they term "leases," which documents will be more fully discussed hereinafter. Twenty-three such agreements were shown to be in effect at the time of the hearing. The majority of commodities handled by defendants are shipped f.o.b. point of destination, freight being paid by the shipping house. A percentage, however, is shipped f.o.b. point of origin, the freight being collected by defendants from the consignee. These collections, it is claimed, are collected by the truck owner on behalf of the San Francisco consignor and are credited to consignor's account. The testimony showed that such collections were made upon a basis of 32½ cents per hundred pounds with a minimum of 65 cents, a fact the importance of which will hereinafter appear. As regards shipments f.o.b. San Francisco, it appears that the wholesale houses holding the so-called "leases" and shipping goods by defendants' trucks are billed either weekly or semi-monthly, the bills covering total shipments for the preceding period.

The evidence tended to show that the merchandise is picked up at the various wholesale houses holding those so-called "leases," principally wholesale dealers in drugs, drug supplies and drug sundries and wholesale grocery houses, during the afternoon of each business day; that such merchandise is assembled at defendants' place of business on Folsom Street and there loaded upon trucks during the afternoon, the driver taking the truck out at approximately 3 or 4.30 the following morning, and driving to the most southerly point of delivery of any particular shipment, and distributing his cargo on the northbound return trip, arriving in San Francisco at approximately 3 p.m., whereupon the truck is used for pick-up service. Defendants at the present time operate some three trucks of 1½- and 1¾-ton capacity, and a trailer is also operated on occasions. They admit that no "lease" of any nature whatsoever exists covering merchandise hauled on the trailer.

Defendants contend that no merchandise is transported on defendants' trucks between San Francisco and points in San Mateo and Santa Clara counties other than under the established form of "lease." This contention the evidence does not contradict, although as mentioned above it was shown to be a regular practice of defendants to accept merchandise for transportation moving f.o.b. point of origin, the consignee of the merchandise paying the transportation charge to the truck operator. Defendants contend that such transportation charges are collected by them on behalf of the consignor, and state that while the actual amount of the collection is not turned over to consignor, it is credited to consignor's account and deducted from the total amount of the periodical bills when they are submitted.

Defendants contend that they are not common carriers and are therefore not subject to the regulation of the Railroad Commission. This contention is based upon the fact that none of their trucks are used in transportation for the general public nor for transportation for any shipper or shippers not holding written "leases" and that the copartnership has not held itself out as being engaged in the transportation of merchandise for the general public, nor for the transportation of all classes of merchandise. Defendants state that they pick and choose the classes of shippers with whom they enter into written "leases" and such "leases" are only entered into with shippers of the particular classes of commodities which they desire to transport.

The evidence shows that defendants have at times refused to accept shipments from shippers of certain classes of commodities which they did not desire to handle. The brief of defendants sets forth the names of certain firms in San Francisco whose business was refused by defendants, and a member of the copartnership testified in effect that he called upon business firms and that shipments were refused in some

instances because they refused to sign one of the "leases," and in other instances

"\* \* \* because we handle only a certain class of freight and take Weinstein's for instance, they have a bunch of small packages that we would not care to handle on the size of truck we have \* \* \* and we did not feel that we could handle that merchandise with a profit \* \* \*."

The testimony shows, however, that defendants have in fact solicited business. This appears from the evidence to the effect that they had called upon the traffic manager of Haas Bros., explaining the nature of their operations and requesting that this wholesale grocery firm sign one of their written forms of "lease" and turn over its transportation business down the peninsula to them, but that such firm refused. Further, that at times they had received telephone calls to pick up shipments from firms not holding written "leases" and that such firms were called upon, the nature of the business in which defendants were engaged explained, and that they were requested to enter into a written agreement in the form of the so-called "lease" and thereafter use the service of defendants in the transportation of their commodities.

The mere fact that defendants do not haul all classes of commodities can not, of course, affect the question of this Commission's jurisdiction. There are innumerable classes of commodities transported by various forms of carriers in this state, and it is a well known fact that certain of these classes of commodities are far more desirable from a transportation point of view than others. Many authorized carriers limit their business to one or a selected few of such classes.

Even assuming that the business of these defendants has been carried on with and for selected shippers only, it is our opinion that we must assume jurisdiction thereover. When originally enacted in 1917, the Automobile Stage and Truck Transportation Act defined the term "transportation company" to include

"\* \* \* every corporation or person, their lessees, trustees, receivers, or trustees appointed by any court whatsoever, owning, controlling, operating or managing any automobile, jitney bus, auto truck, stage or auto stage used in the transportation of persons or property *as a common carrier* for compensation over any public highway in this state between fixed termini or over a regular route and not operating exclusively within the limits of an incorporated city or town or of a city and county" (with certain provisos and exceptions not pertinent here). (Italics ours.)

In 1919, however, this passage was amended by the insertion of the word "or" before the words "as a common carrier." This Commission has, therefore, by legislative mandate, been given jurisdiction over automotive carriage for compensation, as above defined, even where not handled by a "common carrier," if it moves over the public highways "between fixed termini or over a regular route," and does not consist exclusively in operations within an incorporated city or town or city and county. This was recognized in our decisions in the

cases of *Bolton et al. vs. Olson & Rouch et al.* (Decision No. 12700) and *Linge Bros. case* (Decision No. 12907). Under the mandate of the legislature we have seen no alternative but to assume jurisdiction over such carriage, and must do so in the present instance.

As above briefly mentioned, however, defendants contend that they are not engaged in the business of transportation of property for compensation, but that they are solely engaged in the leasing of their trucks, or space thereon, to a limited number of selected lessees who have merchandise for transportation. This contention requires an analysis of the nature of the so-called "leases" mentioned above as having been entered into between defendants and shippers or receivers of freight served by them.

There are three classes of these so-called "leases," the most common form providing, in part, that the "lessee" (shipper or receiver of freight) agrees, for a term of one month, and thereafter from month to month until the "lease" is canceled upon ten days' written notice, to "lease" a truck of 3-ton capacity from lessor (defendant herein), for the transportation of merchandise and for no other purpose, between San Francisco and points in San Mateo and Santa Clara counties, the "lessor" to employ and furnish a driver for such trucks and to pay the expenses and wages of such driver, and further, to maintain such trucks in good running order, condition and repair and pay all expenses in connection with their upkeep and operation, and to indemnify and hold harmless the "lessee" from any and all liability of any kind and character whatsoever arising from the operation of said trucks and for any loss or damage to merchandise of the "lessee," in consideration whereof the "lessee" is to pay the "lessor" as rental for said trucks the sum of \$19.50 per truck for each and every day in which said trucks are in good running order and are used for the transportation of merchandise of the "lessee."

This section of the so-called "lease," however, provides that if on any day only a portion of the capacity of any truck is used for such transportation the rental shall be such proportion of said rental of \$19.50 as is represented by the ratio which the capacity of the truck actually utilized in the transportation of the lessee's merchandise bears to the total capacity of the truck, and the agreement provides further that the minimum rental in connection with any transportation of the merchandise of the "lessee" shall be based on 1/30 of the capacity of any such truck, the parties agreeing that said trucks are all of 3-ton capacity. It is further provided that the "lessee" shall not be liable for any damage done to said trucks while under "lease."

As mentioned above, defendants testified in effect that they had outstanding some twenty-three "leases," the majority of which were

of the nature described above. One such "lease" provided for a rental of \$20, one other for a rental of \$15, and several others had been modified to provide for a minimum of  $1/60$  of the capacity of the truck instead of  $1/30$ . In general, they are all of a similar tenor, and all the "leases" with the exception of two provide for a payment of \$19.50 per truck per day for a 3-ton capacity truck with a minimum of  $1/30$  capacity. This in effect provides a rate of  $32\frac{1}{2}$  cents per hundred, with a minimum charge of 65 cents for 200 pounds or less, and the evidence clearly shows that such was the basis upon which shipments were handled.

A number of manifests were submitted in evidence, and from these it appears that the same shipper frequently sent out shipments to more than one party upon the same trucks. If the "lease" was actually in effect as shown upon its face, the "lessee" or shipper should pay for the total of his shipments in the aggregate, as he is the "lessee" of the unit of equipment upon which such shipments move. It has, however, been defendants' practice to charge a rate of 65 cents for every shipment weighing under 200 pounds, while if over 200 pounds the charge has been at the rate of  $32\frac{1}{2}$  cents per hundred pounds. These particular manifests further show a shipment of 8594 pounds, being considerably over the 3-ton truck limit of defendants, which defendants admitted was moved upon a truck and trailer and was billed for at \$27.93, or at the rate of  $32\frac{1}{2}$  cents per hundred pounds. In fact, defendants admitted that that was the simplest way of computing charges for the transportation service which they rendered.

Although these so-called "leases" provide that the "lessee" shall have the possession and control of the trucks, and determine the use to be made thereof, the testimony clearly demonstrates that the "lessor" nevertheless actually retains possession of them, exercises sole control and supervision over them, furnishes and pays the drivers thereof, maintains them in proper order and repair, pays all the expenses of upkeep and operation, and assumes all liability for loss or damage to the goods transported. Although the "lessee" purports to lease the trucks or "such space therein as may be necessary to transport its merchandise" at a fixed price per truck or space, he is, notwithstanding, in practice, charged by the "lessor" on the basis of the weight of the respective shipments and according to the number of shipments. Finally, although the instruments are in writing and purport to represent the agreement of the parties, yet the testimony shows that, in practice, they have been subject to verbal modification at the will of the parties.

If we add to this the fact that defendants solicited various wholesale houses in San Francisco to enter into these "leases" for the shipment

of their goods down the peninsula, and the further fact that in a number of instances consignees of peninsula freight were solicited by defendants to place stickers on their orders directing shipment to be made via defendants' trucks, it appears clear that the defendants are not in good faith *leasing* their trucking equipment, but are in fact merely contracting for, and performing a type of trucking service falling within the provisions of the Auto Stage and Truck Transportation Act.

Inasmuch as defendants have also contended that their operations are not "between fixed termini" or "over a regular route" we must now review briefly the testimony regarding the character of their operations. It will be remembered that subsection (c) of section 1 of chapter 213, Statutes of 1917, as amended, defines these terms as follows:

"\* \* \* the termini or route between or over which any transportation company usually or ordinarily operates any \* \* \* auto truck \* \* \* even though there may be departures from said termini or route whether such departures be periodic or irregular."

This subsection further provides that whether or not an auto truck operated by a transportation company between fixed termini or over a regular route within the meaning of the act shall be a question of fact to be ascertained by this Commission from the evidence adduced before it. Defendants contend that they are not operating between fixed termini nor over any regular route, because they have had no depot at any point in San Mateo or Santa Clara counties, nor have they a telephone at such points; that deliveries are made either to store or sidewalk; that there is no point in any city or town in San Mateo or Santa Clara counties which constitutes a terminus, since the destination of trucks is determined entirely by the load which the "lessees" of the particular truck happen to offer for transportation on that particular trip; and that there are no cities or towns in San Mateo or Santa Clara county to which any trucks regularly go on all trips.

It is true that each and every truck operated down the peninsula by defendants does not stop for pick-up or delivery of merchandise at each and every point along the highway, San Francisco to San Jose, inclusive, and that on occasion the trucks have gone off the highway for several miles to make deliveries to points such as the county poor farm back of Belmont, Camp No. 4 on the Skyline boulevard, Chadwick and Sykes camp three miles east of Redwood City, etc. The evidence, however, does show that there is only one main highway known as the Peninsula highway over which the trucks of the defendants usually or ordinarily operate; that defendants' drivers are instructed during fair weather to use what is known as the Bay Shore highway out of San Francisco to its connection with the main Peninsula highway at San Bruno and in rainy weather to use the Mission road through Colma to San Bruno. From San Bruno there is but a single route through Burlingame, San Mateo, Belmont, Redwood City, Menlo Park, Palo Alto

and other intermediate points, to San Jose. This main state highway is usually and ordinarily used with the exception of the infrequent occasions upon which, as mentioned above, a truck carries merchandise destined to points somewhat off the highway.

In connection with defendants' Exhibit No. 12, entitled "Some Routes Used by H. E. and P. W. Holmes," P. W. Holmes testified that no two of such routes were alike. Route No. 3 names Redwood City only; No. 5 Burlingame-Redwood City; No. 12 Redwood City-Burlingame. These three routes, however, when taken in connection with San Francisco as a northern terminus, are identical in every respect. Transposing the names of communities does not differentiate as to route over which the trucks travel, but merely shows a difference in the routing of particular deliveries. In fact, this entire exhibit in the main substantiates the contention of complainants that defendants' trucks do usually and ordinarily operate over a regular route or between fixed termini as represented by manifests therein named.

Defendants further contend that they have no fixed termini due to the fact that the manifests submitted in the evidence covering the month of January, 1924, show a different southerly terminus on different trips. Analysis of this evidence shows that during the thirty day period above mentioned, San Jose or a point immediately adjacent to the city limits of San Jose, such as Alum Rock, Meridian road, etc., appears as the most southerly terminus upon twenty occasions, the most southerly destination on other occasions being some point along what is known as the main Peninsula highway, San Francisco to San Jose, such as Redwood City, which appears some seven times, or Palo Alto, which appears some five times.

Certainly if a truck carries no merchandise for delivery upon a specified trip which would necessitate it going the entire length of its route and has no call for a pick-up on the north-bound trip, it would in any case turn back after making its most southerly delivery, and if this Commission should hold that the law contemplated this class of operation as not being over a regular route no truck operator in the state could be held to fall within the provisions of the state regulation, due to the fact that one or more of his trucks on infrequent occasions might not cover the entire route usually or ordinarily served by him.

After full consideration of the evidence and exhibits introduced and briefs filed by counsel, the Railroad Commission hereby finds as a fact that defendants herein are operating a transportation company as that term is defined in section 1 (c) of chapter 213, Statutes of 1917, and amendments thereto; that they are engaged in the operation of auto trucks over the public highways for compensation, over a regular route and between fixed termini, namely, San Francisco to San Jose and intermediate points, and that said defendants have not obtained from



the Commission a certificate declaring that public convenience and necessity require such operation.

**ORDER.**

Public hearings having been held in the above-entitled proceeding, evidence and exhibits having been introduced, briefs having been filed, the matter now being submitted and ready for decision, and the Commission basing its order upon the findings of fact contained in the opinion preceding this order;

*It is hereby ordered*, that defendants, H. E. Holmes and P. W. Holmes, as copartners and as individuals, be and they are hereby directed to cease and hereafter to desist from any and all such transportation unless and until they have secured from this Commission a certificate declaring that public convenience and necessity require the resumption or continuance thereof; and

*It is hereby further ordered*, that the secretary of this Commission be and he hereby is directed to serve or cause to be personally served upon said defendants, H. E. Holmes and P. W. Holmes a certified copy of this order, and that he send a copy of this order by registered mail to the district attorneys of the city and county of San Francisco and of the counties of San Mateo and Santa Clara, respectively.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date thereof.

The foregoing opinion and order are hereby approved, and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this seventeenth day of December, 1924.

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**DECISION No. 14370.**

IN THE MATTER OF THE CONSTRUCTION AND OPERATION OF  
ELECTRIC UTILITIES AND THE DISTRIBUTION AND TRANSFER  
OF ELECTRICITY DURING THE PRESENT EMERGENCY PERIOD  
OF ABNORMALLY LOW PRECIPITATION, ON THE COMMISSION'S  
OWN MOTION.

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**Case No. 1988.**

**Decided December 17, 1924.**

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**BY THE COMMISSION.**

**OPINION.**

By an order dated March 22, 1924, the Railroad Commission instituted the above-entitled investigation of the operation of all electric utilities within the State of California during the then threatening emergency caused by a winter of abnormally low precipitation. It developed a short time later that the situation of certain of these utilities would be much more serious than that of the rest of them and the

Commission accordingly instituted a separate proceeding, which was designated as Case No. 2013, involving the more seriously affected electric utilities.

The emergency is now past and it is apparent that the electric utilities not named in Case No. 2013 have been, and in the absence of extreme and unlooked for future conditions will be able to meet all the requirements of their consumers. It is therefore proper that Case No. 1988, involving all electric utilities within the state, should be dismissed.

### ORDER.

For the reasons set forth in the opinion preceding this order

*It is hereby ordered*, that the investigation on the Commission's own motion of the construction and operation of electric utilities during the emergency period of abnormally low precipitation, designated as Case No. 1988, be and the same is hereby dismissed.

Dated at San Francisco, California, this seventeenth day of December, 1924.

### DECISION No. 14373.

IN THE MATTER OF THE APPLICATION OF ANTON J. RONSHEIMER WATER SYSTEM AND UTILITY FOR AN ORDER AUTHORIZING THE ISSUANCE OF PROMISSORY NOTES FOR INDEBTEDNESS AND TO SECURE THE SAME BY DEED OF TRUST.

Application No. 10646.

Decided December 17, 1924.

*F. A. Meyer*, for Applicant.

BY THE COMMISSION.

### OPINION.

In this application the Railroad Commission is asked to make an order authorizing Anton J. Ronsheimer to execute a deed of trust and to issue his promissory notes in the aggregate amount of \$7,500 for the purpose of refunding indebtedness and of financing the cost of extensions, additions and betterments.

The record shows that applicant, Anton J. Ronsheimer, under the firm name and style of Anton J. Ronsheimer Water System and Utility, is engaged in supplying water for domestic purposes in and about the town of Penngrove, Sonoma County, serving about fifty-four consumers. Applicant reports his revenues and expenses for the years 1922 and 1923 and for the first eight months of 1924 as follows:

Year	Revenues	Expenses	Net Revenues
1922 -----	\$685 76	\$656 87	\$28 89
1923 -----	1,108 19	1,020 34	87 85
1924— 8 months -----	831 11	701 30	129 81

By Decision No. 9940, dated December 29, 1921 (Volume 21, Opinions and Orders of the Railroad Commission of California, page 30), the Commission adjusted applicant's rates. In that decision it is recited that Mr. John Spencer, one of the Commission's assistant hydraulic engineers, made an investigation, inventory and appraisal of the system and estimated the original cost at \$3,969. Since the date of the appraisal applicant reports that he has made extensions, additions and betterments to the system of \$6,177.14, which amount is segregated as follows:

<i>Item</i>	<i>1922</i>	<i>1923</i>	<i>1924</i>	<i>Total</i>
Well, pipe and fixtures .....	-----	\$82 21	\$2,361 43	\$2,443 64
Meters .....	\$158 00	64 00	129 71	351 71
Pipe .....	349 11	-----	1,476 68	1,825 79
Cement meter boxes .....	34 20	15 00	23 89	73 09
Pipe fittings .....	34 00	122 45	115 02	271 47
Labor .....	57 00	68 82	600 00	725 82
Electric wiring and automatic starter .....	5 42	307 07	173 13	485 62
Totals .....	\$637 73	\$650 55	\$4,870 86	\$6,177 14

At the hearing held in this matter before Examiner Fankhauser on December 15, 1924, applicant reported that at that time he had approximately \$6,300 of indebtedness outstanding which represented moneys borrowed and used for additions and betterments. He reports that during the year he found it necessary to drill a new well 121 feet deep to augment his water supply and to equip the well with a 10-horse-power motor, a pump and construct a four-inch pipe line from the well to the tanks. The new pump is automatically controlled. The cost of operating the new pump and well is materially less than the old which is used only for emergency purposes.

It appears that applicant is the owner of the property, both of a public utility and non-public utility nature, all of which is encumbered by a mortgage to Sonoma County National Bank. He desires at this time to segregate his indebtedness, to execute a new deed of trust, which will be a lien on his public utility properties only, and to issue at this time \$6,000 of five-year 6 per cent notes to refund, in part, that portion of his existing indebtedness which had been incurred in making additions and betterments to his water system.

Applicant has filed with the Commission in this proceeding a copy of his proposed deed of trust, which appears to be in satisfactory form. The instrument is designed to secure the payment of the notes of \$6,000 and additional notes of up to \$1,500 which, if issued, will have terms and conditions similar to those of the \$6,000 notes. Applicant proposes to issue such additional notes from time to time to pay for additions and betterments. As no showing is made at this time

of the specific purposes for which the \$1,500 will be used, the order herein will provide that the proceeds from \$1,500 of notes may be expended only as hereafter authorized.

#### ORDER.

Anton J. Ronsheimer, doing business under the firm name and style of Anton J. Ronsheimer Water System and Utility, having applied to the Railroad Commission for permission to execute a deed of trust and to issue his promissory notes in the aggregate face amount of \$7,500, a public hearing having been held and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for by such issue of notes is reasonably required for the purposes specified herein, and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that Anton J. Ronsheimer, doing business under the firm name and style of Anton J. Ronsheimer Water System and Utility be and he is hereby authorized to execute a deed of trust substantially in the same form as that filed in this proceeding, and to issue not exceeding \$7,500 of 6 per cent promissory notes, payable on or before five years after the date of this order.

The authority herein granted is subject to the following conditions:

1. Applicant may use the proceeds from \$6,000 of the notes herein authorized to refund outstanding indebtedness incurred in making additions and betterments to his water system.

2. The proceeds from \$1,500 of the notes herein authorized may be used only for such purposes as the Commission may hereafter indicate in supplemental orders.

3. The authority herein granted to execute a deed of trust is for the purpose of this proceeding only, and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such deed of trust as to such other legal requirements to which said deed of trust may be subject.

4. Within thirty days after the issue of the notes herein authorized, a verified report shall be filed with the Commission in accordance with the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

5. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this seventeenth day of December, 1924.

## DECISION No. 14379.

IN THE MATTER OF THE APPLICATION OF SPRING VALLEY WATER COMPANY, A CORPORATION, AND CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, FOR AN ORDER APPROVING A PROPOSED AGREEMENT AMENDATORY OF THE AGREEMENT ENTERED INTO BETWEEN THE SPRING VALLEY WATER COMPANY AND THE BOARD OF PUBLIC WORKS OF THE CITY AND COUNTY OF SAN FRANCISCO UPON THE SEVENTEENTH DAY OF APRIL, 1922, PROVIDING FOR THE OPERATION AND MAINTENANCE OF AN ACQUEDUCT TO BE CONSTRUCTED BETWEEN IRVINGTON, ALAMEDA COUNTY, CALIFORNIA, AND CRYSTAL SPRINGS RESERVOIR, SAN MATEO COUNTY, CALIFORNIA.

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Case No. 842.

Application No. 2739.

Decided December 18, 1924.

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*McCutchen, Olney, Mannon & Greene*, for Spring Valley Water Company.  
*George Lull*, for City and County of San Francisco.

BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

Spring Valley Water Company, a corporation, and city and county of San Francisco, a municipal corporation, on December 17, 1924, filed with the Railroad Commission their joint petition asking authority to execute a proposed agreement to be entered into between said parties amendatory of subdivision (a) of paragraph six of a certain agreement entered into between said parties bearing date of April 17, 1922. A copy of the proposed agreement is attached to the petition and marked Exhibit "B."

This Commission authorized the execution of the agreement of April 17, 1922, by its Decision No. 10295, dated April 12, 1922, in Case No. 842 and Application No. 2739.

The company and the city propose to amend subdivision (a) of paragraph six of the agreement of April 17, 1922, by adding thereto the following:

"Provided, however, that if the board of supervisors of the city and county of San Francisco shall by resolution make request upon the water company that any installment, or a specified portion of any installment, to become due under the provisions hereof subsequently to June 30, 1925, and prior to July 1, 1929, be paid to the city and county of San Francisco prior to the due date thereof, it is agreed that the water company shall pay such installment, or such specified portion thereof, to the city and county of San Francisco in pursuance of such resolution, the amount of such installment, or such portion thereof, to be discounted for the period of time by which such payment shall precede the due date of such installment as hereinbefore specified, such discount to be made at the rate which the water company pays as the interest rate on the money which it borrows in order to make such payment, and any payments so made prior to the due date of such installment as hereinbefore determined shall be in full satisfaction of the obligation of the water company to pay such installment or portion thereof.

Provided, further, that if the said aqueduct and pumping plant shall not have been completed and made available to the water company prior to July 1, 1925, all payments which shall have been made pursuant to the terms of this proviso shall

be credited on the installments next successfully falling due after said aqueduct and pumping plant shall have been so completed and made available, discounting the amounts of such installments in the manner hereinbefore provided."

The Railroad Commission has considered the request of applicants and believes that this is a matter in which a public hearing is not necessary, and that applicants' request should be granted; therefore, -

*It is hereby ordered*, that Spring Valley Water Company be and it is hereby authorized to enter into and execute an agreement substantially the same as the agreement (Exhibit B) filed in the above numbered proceeding on December 17, 1924.

*It is hereby further ordered*, that within thirty days after the execution of said agreement, Spring Valley Water Company shall file with the Railroad Commission a verified copy thereof.

*It is hereby further ordered*, that the order in Decision No. 9352, dated August 12, 1921, as amended, shall remain in full force and effect, except as modified by this second supplemental order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this eighteenth day of December, 1924.

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DECISION No. 14382.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR AN ORDER PERMITTING IT TO ISSUE ONE HUNDRED THOUSAND DOLLARS OF EQUIPMENT TRUST CERTIFICATES.

Application No. 10184.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR AN ORDER PERMITTING THE ISSUE OF CAPITAL STOCK IN THE SUM OF ONE HUNDRED AND FIFTY THOUSAND DOLLARS PAR VALUE.

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Application No. 10185.

Decided December 18, 1924.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

WHEREAS, the Railroad Commission, by Decision No. 13791, dated July 10, 1924, in Application No. 10184, authorized Pickwick Stages, Northern Division, to execute and enter into an equipment trust agreement and a lease agreement and to assume or guarantee the payment of not exceeding \$100,000 of 7 per cent serial equipment trust certi-

ates to be issued to finance in part the cost of additional equipment described as follows:

- 8 pay-as-you-enter 28-passenger Pierce-Arrow automobile stages;
- 5 intercity type 28-passenger Pierce-Arrow automobile stages;
- 6 parlor car type with individual seats, 18-passenger Pierce-Arrow automobile stages,

and.

WHEREAS, the Railroad Commission, by Decision No. 13811, dated July 18, 1924, in Application No. 10185, authorized Pickwick Stages, Northern Division, to issue and sell \$150,000 of its common capital stock and to use the proceeds from the sale of \$100,000 of such stock to finance in part the cost of the additional equipment described in Decision No. 13791, in Application No. 10184, and to use the proceeds from the sale of the remaining \$50,000 of such stock to pay in part outstanding indebtedness; and

WHEREAS, applicant now reports in a supplemental petition filed with the Commission on December 13, 1924, that it has purchased all of the eight pay-as-you-enter type stages and the five intercity type stages referred to herein, but that it has decided not to proceed with the purchase of the six parlor car type stages, but to acquire in lieu thereof three 16-passenger Pierce-Arrow intercity type automobile stages, three 18-passenger Pierce-Arrow intercity type automobile stages and one 28-passenger Pierce-Arrow intercity type automobile stage, and

WHEREAS, applicant asks the Commission to amend its former orders so as to permit it to acquire the equipment herein described in lieu of the six parlor car type stages described in such orders, which request the Commission believes should be granted as herein provided; therefore,

*It is hereby ordered*, that the order in Decision No. 13791, dated July 10, 1924, in Application No. 10184, and the order in Decision No. 13811, dated July 18, 1924, in Application No. 10185, be and they are hereby modified so as to permit Pickwick Stages, Northern Division, to use the proceeds obtained from the sale of the \$100,000 of equipment trust certificates and \$100,000 of the common stock, authorized to be issued in those decisions, to finance the cost of additional equipment described as follows:

- 8 pay-as-you-enter 28-passenger Pierce-Arrow automobile stages;
- 5 intercity type 28-passenger Pierce-Arrow automobile stages;
- 3 intercity type 16-passenger Pierce-Arrow automobile stages;
- 3 intercity type 18-passenger Pierce-Arrow automobile stages;
- 1 intercity type 28-passenger Pierce-Arrow automobile stage.

*It is hereby further ordered*, that Pickwick Stages, Northern Division, be and it is hereby authorized to amend the equipment trust agreement and the lease agreement it was authorized to execute by Decision No. 13791, dated July 10, 1924, so as to substitute the equipment described in this order for the equipment described in the decisions to which reference has been made.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof.

*It is hereby further ordered*, that the order in Decision No. 13791, dated July 10, 1924, and the order in Decision No. 13811, dated July 18, 1924, shall remain in full force and effect, except as modified by this first supplemental order.

Dated at San Francisco, California, this eighteenth day of December, 1924.

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DECISION No. 14385.

IN THE MATTER OF THE APPLICATION OF COAST COUNTIES GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION AUTHORIZING SAID COMPANY TO ISSUE AND SELL FOUR THOUSAND SHARES OF ITS FIRST PREFERRED CAPITAL STOCK AT NOT LESS THAN EIGHTY-SIX PER CENT OF THE PAR VALUE THEREOF.

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Application No. 10663.

Decided December 20, 1924.

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*Leo H. Susman*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Coast Counties Gas and Electric Company to issue 4000 shares of its first preferred capital stock, of the aggregate par value of \$400,000, for the purpose of reimbursing its treasury and of permanently financing the cost of additions and betterments to its electric and gas plants and properties. The Commission is also asked to authorize the company to sell its stock at not less than 86 per cent of par value and to use of the proceeds an amount equivalent to not exceeding 5 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of stock.

Coast Counties Gas and Electric Company has an authorized capital stock of \$4,000,000, divided into 40,000 shares of the par value of \$100 each, of which 20,000 shares are first preferred 6 per cent stock, 10,000 shares are second preferred 6 per cent stock and 10,000 shares are common stock. As of October 31, 1924, the company reports outstanding \$3,183,400 of stock, consisting of \$1,183,400 of first preferred stock, \$1,000,000 of second preferred stock and \$1,000,000 of common stock. As of the same date it reports funded debt of \$1,408,600, consisting of \$789,000 of Coast Counties Light and Power Company's 5 per cent bonds due 1946, \$254,000 of Big Creek Light and Power Company's 4 per cent bonds due 1947, \$133,000 of San Benito Light and Power Company's 6 per cent bonds due 1950 and \$232,600 of Contra Costa Gas Company's 6 per cent bonds due 1954.



For the twelve months ending December 31, 1922, December 31, 1923, and October 31, 1924, applicant reports its revenues and expenses as follows:

<i>Item</i>	<i>1924</i>	<i>1923</i>	<i>1922</i>
Gross earnings .....	\$1,224,133 37	\$1,034,187 93	\$841,804 15
Operating expenses .....	840,408 36	655,726 12	556,532 31
Net income .....	\$383,725 01	\$378,461 81	\$285,271 84
Deduct—			
Interest .....	\$90,839 96	\$91,561 50	\$82,994 64
Amortization of bond discount .....	940 86	1,613 12	1,179 48
Depreciation .....	121,665 50	104,378 61	63,289 00
Totals .....	\$213,446 32	\$197,553 23	\$147,463 12
Balance to surplus .....	\$170,278 69	\$180,908 58	\$137,808 72
Dividends—			
First preferred stock .....	\$58,273 30	\$40,143 11	\$17,693 41
Second preferred stock .....	38,333 34	30,000 00	30,000 00
Totals .....	\$96,606 64	\$70,143 11	\$47,693 41
Balance for year .....	\$73,672 05	\$110,765 47	\$90,115 31

In Application No. 10098, filed with the Commission on May 22, 1924, the company reported capital expenditures, up to December 31, 1923, of \$606,226.66 for which it had not been reimbursed with proceeds received from the sale of stock or bonds. By Decision No. 13687, dated June 11, 1924, in Application No. 10098, the Commission authorized applicant to issue and sell \$300,000 of its first preferred stock to finance in part the cost of the reported expenditures of \$606,226.66. Pursuant to such authority it appears that applicant has sold the \$300,000 of stock at a net price of \$251,149.23, which amount, deducted from the \$606,226.66, leaves a balance of \$355,077.43 representing uncapitalized construction expenditures up to December 31, 1923.

It now appears, in this application, that from January 1, 1924, to October 31, 1924, applicant has expended \$380,170.88 in making net additions and betterments to its electric and gas plants and properties. This amount is segregated as follows:

<i>Electric Department.</i>	
Production capital .....	\$1,116 22
Transmission capital .....	17,112 39
Distribution capital .....	220,926 40
Utilization capital .....	7,562 92
General capital .....	3,168 15
Total .....	\$249,886 17
Less retirements .....	27,575 40
Total electric .....	\$222,310 77

*Gas Department.*

Production capital .....	\$127,394 00	
Transmission capital .....	694 48	
Distribution capital .....	51,026 20	
General capital .....	1,329 32	
Total .....	\$180,444 00	
Less retirements .....	22,583 98	
Total gas .....		157,860 11
Total electric and gas .....		\$380,170 88

Adding the \$380,170.88 to the \$355,077.43 results in a total of \$735,248.31, which is reported to be the total amount expended up to October 31, 1924, in making additions and betterments for which the company has not been reimbursed through the issue and sale of stock or bonds. The present application is made to permanently finance in part the cost of these expenditures through the issue of \$400,000 of stock. Testimony herein indicates that the proceeds to be received, or a portion thereof, after reimbursement will be used to pay in part the cost of additions and betterments during 1925, which cost is estimated at \$336,000.

**ORDER.**

Coast Counties Gas and Electric Company having applied to the Railroad Commission for permission to issue and sell \$400,000 of stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income:

*It is hereby ordered,* that Coast Counties Gas and Electric Company be and it is hereby authorized to issue and sell at not less than 86 per cent of par value on or before December 31, 1925, 4000 shares of its first preferred 6 per cent stock of the aggregate par value of \$400,000, such authority to become effective upon the date hereof.

The authority herein granted is subject to further conditions as follows:

1. Of the proceeds received from the sale of the stock herein authorized, applicant may use, if necessary, an amount not exceeding 5 per cent of the par value of stock sold to pay commissions and other expenses incident to the sale of the stock. The remaining proceeds and such portion of the 5 per cent not needed to pay commissions and other expenses incident to the sale of the stock shall be used to reimburse the treasury and to finance in part the cost of the additions and betterments made prior to October 31, 1924, and referred to in the foregoing opinion, provided that only such expenditures as are prop-

erly chargeable to capital account as defined by the classification of accounts prescribed by the Railroad Commission, shall be financed with such proceeds.

2. Applicant shall file with the Commission, as soon as available, a copy of its 1925 construction budget.

3. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this twentieth day of December, 1924.

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DECISION No. 14387.

IN THE MATTER OF THE APPLICATION OF A. B. SHAW AND MIRA LOMA MUTUAL WATER COMPANY, A CORPORATION, FOR AN ORDER PERMITTING THE SALE AND TRANSFER OF PASADENA GLEN WATER SYSTEM.

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Application No. 9740.

Decided December 22, 1924.

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*A. B. Shaw, Jr., for Applicants.*  
*George Beebe, for Protestants.*

BY THE COMMISSION.

**OPINION.**

This is an application for authority to transfer the Pasadena Glen Water System to Mira Loma Mutual Water Company, a corporation. A. B. Shaw is the owner of this public utility, which supplies water for domestic purposes to consumers living in Tract No. 2927, commonly known as Pasadena Glen, in Los Angeles county. The Mira Loma Mutual Water Company is now operating in the same territory and in the immediate vicinity, serving water at cost for both irrigation and domestic use to its stockholders.

The application in this proceeding alleges that there are several small independent water systems operating in this community which have agreed to consolidate their interests and water resources with those of the Mira Loma Mutual Water Company for the promotion of the public welfare. It is further alleged that stock in this mutual company will be issued to the consumers now receiving water from the Shaw system without cost to them, and that the transfer of the property as contemplated will provide these consumers with a greater and more dependable water supply and will result in the rendering of vastly improved service

at cheaper rates. The Commission is therefore asked to authorize the proposed sale and transfer.

Pasadena Glen Improvement and Protective Association, which comprises a number of the utility consumers, filed a written protest against the granting of this application, alleging that no tangible evidence has been presented to show the ability of Mira Loma Mutual Water Company to render good and adequate service. The protest also calls attention to the complaint in Case No. 1933, filed by certain consumers against this utility and now pending before the Commission, and particularly to the fact that all public utility property of A. B. Shaw is not included in the proposed transfer. It is desired that this application be denied or held in abeyance until the Commission shall pass upon the merits of the above complaint.

Public hearings in this matter were held at Los Angeles before Examiner Satterwhite, after all interested parties had been duly notified and given an opportunity to be present and be heard.

The plans and proposals presented by applicants at the first session did not satisfy protestants that their water requirements would be properly insured and adequately provided for by the granting of the application as then constituted. Arrangements accordingly were made whereby negotiations would be entered into by the various interested parties to adjust the differences and submit to the Commission a plan for the transfer of the properties which would be acceptable to all. As a result of these efforts an amended application was filed under the provisions of which said protestants and consumers consented to the sale of the utility properties.

Mr. George H. Woodruff, a member of the board of directors of Mira Loma Mutual Water Company, gave considerable important testimony in regard to the proposed methods of operation and the service to be rendered by the utility water system in the event the transfer is authorized. It appears that this mutual company was formed for the purpose of acquiring a number of small water companies, individual water plants and water rights and consolidating them into one operating unit. It was considered that such a combination would result in the production of additional water by making possible the full development of the water resources of the entire district in one comprehensive scheme. In addition to this advantage operations could be simplified and conducted more efficiently and economically and the class of service rendered materially improved.

It is now proposed that this mutual company shall take over the Shaw system and that the present consumers shall receive stock in the mutual company without cost to them. In consideration of the transfer of these properties it is agreed that A. B. Shaw shall receive a sufficient number of shares of stock in Mira Loma Mutual Water Company to

enable him to give, free and clear of any incumbrance, to each lot owner one and one-quarter shares for each lot. These plans, including the delivery of stock as outlined above, have the approval of the consumers.

The practices and methods of operation and the service rendered by the A. B. Shaw Water System have not always been satisfactory in the past. The evidence and exhibits in this proceeding indicate that an adequate supply of water and its proper distribution will be insured the consumers of this utility by the authorization of the transfer requested herein. It therefore appears that the conveyance should be authorized, subject to the provisions and conditions as set out in the following order and in the exhibits filed in connection with this application.

#### ORDER.

A. B. Shaw having made application for authority to transfer the Pasadena Glen Water System, a public utility, to Mira Loma Mutual Water Company, a corporation, which joins in the application, public hearings having been held thereon, and the Commission being now fully informed in the matter;

*It is hereby ordered*, that A. B. Shaw be and he is hereby authorized to transfer on or before April 30, 1925, to Mira Loma Mutual Water Company, a corporation, for stock of such corporation and other considerations, that certain public utility water system commonly known as the Pasadena Glen Water System, more particularly described in Exhibits A, B, C and D attached to the amended application filed on October 15, 1924, in the above entitled matter.

*It is hereby further ordered*, that A. B. Shaw shall deliver to each lot owner other than himself, in Tract No. 2927, Los Angeles county, one and one-quarter shares of stock of Mira Loma Mutual Water Company for each and every lot in said tract, Lot No. 123 being considered the equivalent of seven lots. This stock shall be delivered concurrently with the transfer of the properties or placed in escrow with the Mira Loma Mutual Water Company, to be delivered, free and clear, upon demand by the parties equitably entitled to such stock.

*It is hereby further ordered*, that A. B. Shaw shall within thirty (30) days after the date hereof file with the Railroad Commission the names and addresses of all parties entitled to receive stock of the Mira Loma Mutual Water Company under the order contained herein. Copies of receipts representing stock delivered by A. B. Shaw shall be filed with the Railroad Commission on or before April 30, 1925.

The authority herein granted is also subject to further conditions as follows:

1. Within thirty (30) days after the execution of the instruments of conveyance transferring the title to said properties, A. B. Shaw shall file with the Railroad Commission certified copies thereof.

2. The consideration for which the public utility properties referred to herein are authorized to be transferred shall not be urged before this Commission or any other public body as a finding of value of said properties for rate fixing or for any purpose other than for the transfer herein authorized.

3. Within ten (10) days after A. B. Shaw actually relinquishes control and possession of the properties herein authorized to be transferred to Mira Loma Mutual Water Company, said A. B. Shaw shall file a statement with the Railroad Commission indicating the date on which such possession and control was actually relinquished, provided that such control and possession may not be relinquished until the properties have been actually transferred to the Mira Loma Mutual Water Company and such company has undertaken to serve with water all consumers now being served by A. B. Shaw.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-second day of December, 1924.

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DECISION No. 14389.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, AGENT ON BEHALF OF PICKWICK STAGES, NORTHERN DIVISION, INCORPORATED; PICKWICK STAGES, INCORPORATED, MURIETTA MINERAL HOT SPRINGS AUTO STAGE LINE, PACKARD STAGE LINE, WEST COAST STAGE LINES (OREGON), BOYD AND MATTLY STAGE COMPANY, CALIFORNIA TRANSIT COMPANY, CROWN STAGE LINE, KERN COUNTY TRANSPORTATION COMPANY, MOTOR TRANSIT COMPANY, VALLEY TRANSIT COMPANY, AUTO TRANSIT COMPANY, FOR AN ORDER GRANTING PERMISSION TO ESTABLISH THROUGH ROUTES AND PUBLISH JOINT PASSENGER FARES BETWEEN THE DIFFERENT STAGE LINES.

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Application No. 10355.

Decided December 22, 1924.

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*N. C. Folsom*, for Applicant.

*Jesse H. Steinhart*, for San Francisco-Sacramento Railroad.

BY THE COMMISSION.

**OPINION.**

This is an application filed by Lewis A. Monroe, acting as joint agent for the Pickwick Stages, Northern Division, Incorporated, Pickwick Stages, Incorporated, Murietta Mineral Hot Springs Auto Stage Line, Packard Stage Line, West Coast Stage Lines (Oregon), Boyd & Mattly Stage Company, California Transit Company, Crown Stage Line, Kern County Transportation Company, Motor Transit Company, Valley Transit Company, and Auto Transit Company, seeking authority

to establish through routes and publish passenger fares between points served by the participating carriers.

A public hearing was conducted in San Francisco December 19, 1924, before Examiner Geary and the proceeding, having been submitted, is now ready for an opinion and order.

The routes and fares to be established are set forth in Exhibit A, attached to and made a part of the original application, and those set forth in the amended application filed September 30, 1924.

The intent of the application is to place on sale through passenger transportation between points located in southern California and points in northern California, and between certain local points in the southern part of the state adjacent to the city of Los Angeles. The proposed fares are combinations of authorized local fares of the different carriers and will eliminate the necessity of passengers purchasing separate tickets at each of the junction points when making a through journey over two or more stage lines. It is not the intention, and no consideration is here given to the operation of through stages, the service is to be conducted exactly the same as at the present time: that is, passengers will change to connecting stages of the independent companies at the transfer points as heretofore.

The testimony of applicant's witnesses was to the effect that there is a constant and persistent demand for through transportation and that at the present time the service is actually being rendered, but the traveler is purchasing separate tickets instead of one ticket for the entire journey.

The routes established and practically all of the fares in the same general territory are those now in effect in connection with the Motor Transit Company, Valley Transit Company, California Transit Company and West Coast Stage Company, as authorized by this Commission in Application No. 9800, and the granting of the instant application will merely be adding to the through routes and joint fares now in effect to many of the points involved in this proceeding.

The San Francisco-Sacramento Railroad, while entering an appearance in opposition, withdrew its objection after the intent of the application had been explained and it was shown that no transportation would be sold through Oakland to Sacramento or between points locally served by the railroad.

After careful consideration of all the exhibits and the testimony, we are of the opinion that there is a public convenience and necessity for the establishment of through routes and the sale of joint passenger transportation between the points involved, as set forth in Exhibit A and in the amended application and that the application should be granted.

The tariff, when issued, should provide an index of the contents and give the name of the carrier in connection with the stations shown in the headlines and sidelines of the different sections.

#### ORDER.

A public hearing having been held in the above entitled application, evidence having been submitted by the applicants, and the Commission being fully advised, the Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment of through routes and joint passenger fares, both one way and round trip, between certain points served by the applicants, as set forth in the exhibits attached to and made part of the application.

*It is hereby ordered*, that the applicants shall publish and file tariffs setting forth the joint fares to be assessed over the through routes, such fares to be those shown in the exhibits attached to and made part of the application.

Dated at San Francisco, California, this twenty-second day of December, 1924.

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#### DECISION No. 14390.

IN THE MATTER OF THE APPLICATION OF BELL WATER COMPANY FOR AN ORDER AUTHORIZING THE ADJUSTMENT AND ESTABLISHMENT OF PROPER BOOK ACCOUNTS, FOR PERMISSION TO PURCHASE ADDITIONAL LAND, FOR AUTHORITY TO MORTGAGE PROPERTY AND ISSUE NOTES, FOR AUTHORITY TO ISSUE AND SELL STOCK, AND FOR AUTHORITY TO INCREASE WATER RATES.

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Application No. 10503.

Decided December 22, 1924.

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A. B. Shaub, for Applicant.

Frederick Lake, for certain consumers, Protestants.

F. E. Goodway and I. M. Vaughn, *in propria persona* and for certain consumers, Protestants.

BY THE COMMISSION.

#### OPINION.

The above numbered application, as the title indicates, involves the adjustment and establishment of proper book accounts, the purchase of land, the issue of notes and stock and the increase of water rates.

Hearings were had on the application before Examiner Fankhauser on November 17th, December 3d and December 8th at Los Angeles.

At the conclusion of the hearings the company waived its right to file an opening brief. Representatives of consumers were given ten days to file briefs and the company five days to reply thereto.



A. B. Shaub, representing the company, urges that the Commission give early consideration to the issue of the \$12,000 of 7 per cent two-year note, the payment of which is to be secured by a mortgage. A copy of the mortgage was filed with the Commission on December 10th. The mortgage filed is in satisfactory form. The company desires permission to use the money obtained through the issue of the \$12,000 of the notes for the following purposes:

To purchase land.....	\$4,700 00
To install one 50,000-gallon steel tank on a 60-foot tower.....	6,000 00
Pipes and fittings to connect the same.....	1,300 00
Total .....	\$12,000 00

The testimony shows that the reported cost of the tower, tank, pipes and fittings is an estimate, and not based upon actual contracts. The cost of land is the amount which the company has agreed to pay for the land and which amount is found to be reasonable by the Commission's engineering department. The Commission finds, after a consideration of the evidence, that applicant should be permitted to purchase such land at the agreed price and locate the new tank thereon.

The record indicates that the present tank of applicant is in a poor condition and that it is located at too low an elevation to give proper service. The inadequate service now given by applicant is further due to the leaky condition of the tank. There is no doubt that a new tank at a higher elevation should be constructed by applicant forthwith. We believe that the construction of such a tank is an emergency matter and that an order should now be made authorizing the issue of the notes to purchase the land and construct the tank, and the execution of the mortgage. The question of an increase in rates, the issue of stock and the adjustment of the books of applicant will be considered in a supplemental opinion and order in this matter.

#### ORDER.

Bell Water Company having applied to the Railroad Commission for permission to adjust and establish proper book accounts, purchase additional land, mortgage property, issue notes and stock to increase water rights, public hearings having been held and the Commission being of the opinion that an order should be made in this proceeding at this time authorizing the company to issue \$12,000 of two-year 7 per cent notes and to execute a mortgage to secure the payment of such notes, and that the money, property or labor to be procured or paid for by the issue of such notes is reasonably required by applicant and that the expenditures are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that Bell Water Company be and it is hereby authorized to execute a mortgage substantially in the same form as the mortgage filed in this proceeding on December 10, 1924, provided that the authority herein granted to execute such mortgage is for the purpose of this proceeding only and is granted in so far as the Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of such mortgage as to such other legal requirements to which such mortgage may be subject.

*It is hereby further ordered*, that Bell Water Company be and it is hereby authorized to issue at not less than par, a note or notes in the sum of not exceeding \$12,000, such note or notes to be payable on or before two years after date and to bear interest at not to exceed 7 per cent per annum. The proceeds obtained from the issue and sale of the notes shall, if necessary, be used for the following purposes:

To purchase land referred to in this application .....	\$4,700 00
To install one 50,000-gallon steel tank on a 60-foot tower.....	6,000 00
Pipes and fittings to connect same.....	1,300 00
Total .....	\$12,000 00

Any proceeds not necessary for the aforesaid purposes may be expended only as hereafter permitted by the Railroad Commission.

*It is hereby further ordered*, that the authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which fee is \$25.

*It is hereby further ordered*, that applicant shall keep such record of the issue, sale and delivery of the notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

Dated at San Francisco, California, this twenty-second day of December, 1924.

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DECISION No. 14391.

R. R. YOUNG, DOING BUSINESS UNDER THE NAME OF  
YOSEMITE TRANSIT,

vs.

H. T. HEMPSTEAD AND N. F. RAWLINS, COPARTNERS DOING BUSI-  
NESS UNDER THE FICTITIOUS NAME OF OAKLAND-TUOLUMNE  
STAGE COMPANY.

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Case No. 2032.

Decided December 23, 1924.

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Harry A. Encell and James A. Miller and Lafayette J. Smallpage, for Complainant.  
Douglas Brookman, for Defendants.

*F. W. Mielke*, for Southern Pacific Company, Intervener.

*H. A. Burchard*, for Sierra Railway Company, Intervener.

*MARTIN*, Commissioner.

#### OPINION.

R. R. Young, doing business under the fictitious name of Yosemite Transit, has filed a complaint with the Railroad Commission against H. T. Hempstead and N. F. Rawlin, copartners, doing business under the fictitious name of Oakland-Tuolumne Stage Company, in which he alleges in effect that complainants are at the present time, and have been for some time past, engaged, among other things, in the operation of an automotive stage line for the transportation of passengers for compensation between Stockton, Groveland and Carl Inn; that defendants H. T. Hempstead and N. F. Rawlins, copartners, are engaged in the operation of an automotive stage line under the firm name of Oakland-Tuolumne Stage Company, transporting passengers for compensation between the city of Oakland and the Oakland Recreation camp located on the line of complainant's stages between Groveland and Carl Inn and between the city of Berkeley and the Berkeley Recreation Camp, located within 6 miles of the Oakland Recreation Camp; that the certificate of public convenience and necessity under which defendants are operating limits them solely to the transportation of passengers for compensation between the termini hereinabove named; that it expressly prohibits the transportation of passengers between intermediate points or the transportation of express matter or property for compensation between any points whatsoever; that subsequent to the commencement of operation by defendants their stages have carried passengers between intermediate points and have also carried express matter, including groceries, etc., to and from the recreation camps in direct violation of the provisions of the certificate under which they are authorized to operate.

A public hearing in the above entitled complaint was held on October 21, 1924, in the court room of the Commission at San Francisco, at which time evidence was introduced. The matter was submitted and is now ready for decision.

Complainant called several witnesses in support of the allegations set forth in his complaint. One of these witnesses, operating a resort at the terminus of complainant's stage line, testified in effect that he has had occasion to travel over such route a number of times and that he has observed stages of defendants carrying fresh meats and other property on their trips to the recreation camps. Other witnesses of complainant testified that for a period of time they had checked the stages of defendants at Groveland and also at Oakdale and that stages carrying identical license numbers on the same trips, either arriving at or departing from one of the points hereinabove mentioned, con-

tained a different number of passengers from the count when such stage was checked at the opposite checking point.

Evidence was further introduced to the effect that a driver of defendant's line was arrested for proceeding with a stage over a railroad crossing without first coming to a full stop.

In defense of the allegations set forth in the complaint and testified to by witnesses called by complainant, defendants admitted that at times they had carried fresh meats and supplies to the recreation camps upon request of camp authorities who were in immediate need of such supplies, but at no time had they made any charge whatsoever for this service, it being merely rendered as an accommodation when the camp was short of specific items which could not be obtained through its regular transportation channels. They further disclaimed discrepancies in the check conducted by witnesses called by complainant by stating that during approximately a 30-day period of the 1924 season passengers had been changed from one stage to another at Oakdale; further, that the driver who was arrested for proceeding over a railroad crossing without first coming to a full stop had been immediately discharged.

From the evidence submitted in this proceeding, it would appear that the most serious allegation is the one referring to the transportation of passengers between intermediate points. This allegation, however, is not fully borne out by testimony submitted in this proceeding. It appears reasonable that if defendants had been engaged in violation of this provision of the certificate evidence of the fact could easily have been obtained by having an individual or individuals ride between intermediate points upon their stages and pay compensation for such services. Complainant, however, submitted no testimony whatever directly to the effect that any passenger had at any time been carried between intermediate points by defendants herein.

In view of the evidence submitted in this proceeding, we are of the opinion that the allegations set forth in the complaint herein have not been substantiated and that the complaint must be dismissed.

#### ORDER.

A public hearing having been held in the above entitled proceeding, evidence introduced and the matter submitted;

*It is hereby ordered*, that the complaint in the above entitled proceeding be and the same is hereby dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this twenty-third day of December, 1924.

## DECISION No. 14392.

IN THE MATTER OF THE APPLICATION OF THE OAKLAND-TUOLUMNE STAGE LINE FOR A CERTIFICATE TO OPERATE AN AUTO STAGE SERVICE BETWEEN OAKLAND AND OAKLAND RECREATION PARK IN TUOLUMNE COUNTY.

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Application No. 9982.

Decided December 23, 1924.

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TRANSPORTATION—AUTO STAGES—SPECIAL SERVICE.—It is held that special service maintained by defendant between Oakland and Berkeley and Oakland Recreational Park in Tuolumne County for school children and their parents does not seriously affect the finances of complainants, and previous action of the Commission in granting certificate to defendant is reaffirmed.

*Derlin and Brookman, by Douglas Brookman, for Applicant.*

*H. H. Gogarty, for Southern Pacific Company, Protestant.*

*Lafayette J. Smallpage, for Yosemite Transit, Protestant.*

*H. A. Butchart, for Sierra Railway Company of California, Protestant.*

*Robert M. Searls, for City and County of San Francisco, Protestant.*

*F. D. Eberman, for California Transit Company, Protestant.*

MARTIN, *Commissioner.*

## OPINION.

In the above entitled proceeding H. T. Hempstead and N. F. Rawlings, copartners doing business under the name of Oakland-Tuolumne Stage Line, petitioned the Railroad Commission for a certificate of public convenience and necessity authorizing the operation of an automotive passenger stage line as a common carrier of passengers between Berkeley on the one hand and Berkeley Recreation Camp in Tuolumne County and between Oakland and Oakland Recreation Camp in Tuolumne County.

Public hearings were held upon said application, the matter submitted and on May 29, 1924, the Railroad Commission issued its Decision No. 13625 in which decision the application was granted.

On June 9, 1924, R. R. Young, doing business under the name of Yosemite Transit, and California Transit Company, a corporation, protestants, filed a petition for rehearing. On November 3, 1924, the Railroad Commission issued its order, which order directed that Application No. 9982 be reopened for the taking of further testimony and reception of further argument by the parties, and said further hearing was set for December 17, 1924, in the court room of the Railroad Commission, San Francisco. This date was later changed to December 2d, at the same time and place, at which time testimony and exhibits were introduced, oral argument made and the matter was submitted and is now ready for decision.

It is not necessary in this decision to review evidence introduced at the original hearing nor the findings of the Commission upon which it based its order granting the certificate prayed for. As regards addi-

tional evidence introduced at the further hearing, protestant R. R. Young presented testimony and contended that his service had always been operated at a material loss during the winter months and that to enable him to render service to residents in the territory served by him the year round it was necessary that his company enjoy all available revenue during the summer period to enable it to conduct its winter business. Further, that during the period January 1 to October 31, 1924, which period included all the summer season, his total revenues on his various stage operations amounted to the sum of \$73,344.06; total expense, \$74,106.14, or a loss for the ten months' period of \$762.08.

This protestant introduced further exhibits showing that he had available nineteen passenger cars with a total seating capacity of 236 seats; that approximately only seven cars were required to operate regular schedules and leaving one in reserve at Sonora with a total seating capacity of 95, showing a reserve seating capacity to handle extraordinary traffic amounting to 141. A similar exhibit was also introduced by the California Transit Company with respect to the available equipment and seating capacity. There can be no question but that the California Transit Company operating stages from Oakland to Stockton and connecting at Stockton with protestant Young's line, Stockton to Groveland and Carl Inn, have sufficient equipment and seating capacity to care for all traffic offered between the points served by said companies.

Protestant Young introduced an exhibit to the effect that during the year 1923, that is the summer season period prior to the commencement of operation by applicants herein, that his line transported from and to Stockton and from and to the Oakland and Berkeley recreation camps a total of 200 passengers; that during the summer season of 1924, a period during which applicants were conducting their operations between Oakland and Berkeley and the respective city recreation camps, his line transported only three passengers; that such traffic loss would necessarily result in either a total discontinuance of winter service in the mountains or would result in a material increase in rates.

By reference to the 1923 annual report of protestant Young it appears that his line during the year 1923 transported a total of 55,294 passengers, therefore, the 200 passengers carried to or from the camps would be only approximately three-tenths of one per cent of the total number of passengers transported. The total operating revenue amounted to \$151,273.39, the camp revenues being less than one per cent of the total revenue received. From such figures it appears that the loss of this particular business does not materially or even appreciably affect the operation of this protestant.

It was shown and admitted that the applicant Oakland-Tuolumne Stage Line had operated at a material loss during the 1924 season. This was attributed to three separate causes. First, that Oakland had established a second recreation camp in the Feather River Canyon, to which a considerable portion of its vacationists had been assigned; second, to conditions existing during the last year as regards the hoof and mouth epidemic and the prevalence of forest fires; third, that the service of applicants had been commenced after the advertising literature of the recreation departments had been published and that accordingly vacationists were not advised.

J. B. Nash, superintendent of the Oakland Recreation Grounds, who testified at the original hearing, testified further in the instant proceeding that applicants during the season of 1924 had rendered a very satisfactory and efficient service. Counsel for applicants read into the record two letters from the Berkeley and Oakland Recreation Departments, respectively, in which both departments commended the service rendered by the copartners, applicants herein.

The matter of the establishment of recreational and vacational camps by municipalities is a matter of comparatively recent origin. As evidenced by the testimony in these proceedings and as appears reasonable and natural, school authorities and those in charge of recreational facilities and likewise the parents of school children prefer a special service conducted for their exclusive benefit to and from the municipality and the recreational camp. It is this character of service that the Oakland-Tuolumne Stage Line proposes to furnish. In the furnishing of this special service, to the extent that the same is furnished, it is quite likely to, and indisputably does in the present instance, come into competition with established carriers who have adequate facilities for furnishing a general transportation service. The question then for the Commission to decide is whether or not the school children of a municipality and their parents are entitled to this special service, notwithstanding the fact that it may operate to a limited extent to the financial disadvantage of the established carriers. In the present instance it does not appear that the revenue which the established carriers would derive from the transportation to and from the recreational camps would very materially affect their revenues. If public interest and convenience and the desire of the school authorities and school children and their parents can be better served by the special proposed service, and there is no material resulting financial handicap to the existing carriers, the Commission feels that it is warranted in granting the certificate.

After careful consideration of the additional testimony introduced and of the oral argument by counsel, it does not appear that protestants have sustained their contention that the public does not require the

service as heretofore authorized and it is hereby found as a fact that said order in Decision No. 13625 should be reaffirmed with a modification in accordance with stipulation by counsel to the effect that the service be made effective solely during the season of the year that the recreation camps are open, being approximately June 1st to September 15th of each year. An order will be entered accordingly.

#### ORDER.

Further hearing having been held in the above entitled proceeding, evidence and exhibits introduced, oral argument received and the matter now being submitted and ready for decision and the Commission being fully advised;

*It is hereby ordered*, that the order in Decision No. 13625 be and the same hereby is amended by adding to the conditions therein contained the following:

The certificate hereinbefore granted be and the same is hereby made effective only during the period of the year when the Oakland and Berkeley recreation camps are open to the public, which period is found to be approximately June 1st to September 15th of each year.

*It is hereby further ordered*, that the Commission's Decision No. 13625 be and the same hereby is reaffirmed with the modification as herein set forth.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-third day of December, 1924.

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#### DECISION No. 14393.

IN THE MATTER OF THE APPLICATION OF NESTLE'S FOOD COMPANY, INCORPORATED, OF CALIFORNIA, A CALIFORNIA CORPORATION, AND COAST VALLEYS GAS AND ELECTRIC COMPANY, A CALIFORNIA CORPORATION, FOR AN ORDER AUTHORIZING THE SALE BY NESTLE'S FOOD COMPANY, INCORPORATED, OF CALIFORNIA, AND THE PURCHASE BY COAST VALLEYS GAS AND ELECTRIC COMPANY OF CERTAIN ELECTRIC PROPERTIES.

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#### Application No. 10471.

Decided December 23, 1924.

*Chickering and Gregory*, by *Allen L. Chickering*, for Coast Valleys Gas and Electric Company.

*Goodfellow, Eells, Moore and Orrick*, by *R. W. Palmer*, for Nestle's Food Company, Incorporated, of California, and for Alpine Evaporated Cream Company.

BY THE COMMISSION,



**OPINION.**

In this application, as originally filed, the Railroad Commission was asked to make an order authorizing Nestle's Food Company, Incorporated, of California, hereinafter sometimes called Nestle's Company, to sell and transfer to Coast Valleys Gas and Electric Company, hereinafter sometimes called Coast Valleys Company, for \$27,000 in cash, an electric distributing system located in the town of Gonzales, Monterey County, such sale and transfer to be in accordance with the terms of a contract, dated August 23, 1924, between the two companies, a copy of which contract is filed with the application as Exhibit "F."

The application shows that Nestle's Company is engaged, primarily, in the purchase, treatment, preservation and distribution of milk and milk products. Incidental to its main business it appears that the company has acquired and is operating an electric distributing system in and around the town of Gonzales, which system, it is reported, was constructed originally for the accommodation of those employed in the milk condensary at Gonzales, before central station service was available in the community. It appears that the electric system was installed about the year 1908 by Gonzales Electric Company, but was sold, shortly thereafter, to Alpine Evaporated Cream Company. Subsequently the system came into the possession of Nestle's Company, one of the applicants herein.

The transfer of the properties from Gonzales Electric Company to Alpine Evaporated Cream Company was made prior to March 23, 1912, the effective date of the Public Utilities Act. The transfer to Nestle's Company was made subsequent to that date, but was not authorized by this Commission. To remove any doubt of the validity of the title to the properties the application was amended at the hearing held in this matter and Alpine Evaporated Cream Company made a party thereto.

The record shows that Nestle's Company is purchasing energy from Coast Valleys Company for its own use and for distribution to its consumers, who are about two hundred in number at present. The company reports revenues and expenses from the electric system for the years ending December 31st, as follows:

<i>Year</i>	<i>Gross revenues</i>	<i>Operating expenses</i>	<i>Net revenues</i>
1923 -----	\$16,803 85	\$13,611 57	\$3,192 28
1922 -----	14,749 73	9,140 62	5,609 11
1921 -----	13,914 78	15,149 25	1,234 47*
1920 -----	7,164 44	7,800 00	635 56*
1919 -----	4,696 45	3,509 66	1,186 79

\*Loss for year.

A report on the value of the electric system was filed by James E. Pollard, Coast Valleys Company's general manager, and marked Coast Valleys Gas and Electric Company's Exhibit No. "1." In this report,

Mr. Pollard estimates the reproduction cost new of the property, as of September 1, 1924, as \$29,218, which amount includes the following elements of value:

Organization .....	\$1,000 00
Franchise rights .....	300 00
Going concern value.....	8,000 00
Physical properties and rights of way.....	19,918 00
Total.....	<u>\$29,218 00</u>

According to the testimony of James F. Pollard the figures of \$1,000 and \$300, representing organization and franchise rights, are estimates of the amounts it is thought a system of this size would be called upon to expend for these purposes. In this connection Mr. Pollard testified that the town of Gonzales is an unincorporated territory and that in his opinion Coast Valleys Company, under its Monterey County franchise, could serve this region without acquiring any additional franchise from the Nestle's Company. The expenditures of \$1,000 for organization, in our opinion, represent costs which do not accrue to the benefit of the purchasing company. The estimate of \$8,000 for going concern value, according to James F. Pollard's testimony, is an "estimate of the value of the business as a going concern, based largely on its earning power," under Coast Valleys Company's rates.

In our opinion, not more than \$19,918 of the purchase price (\$27,000) is a proper charge to fixed capital account. Though the order herein authorizes the transfer of the properties at the price agreed upon by applicants, the Commission reserves the right to determine in subsequent proceedings how much of the purchase price may be capitalized through the issue of stock, bonds or other evidences of indebtedness, or included in a rate base.

We believe the transfer of this distributing system is for the best interests of the public. Nestle's Company is desirous of divesting itself of its obligations and responsibilities as a public utility and to concentrate its efforts on its main business of handling milk and milk products. Coast Valleys Company, upon acquiring the property, should be in a position to give more adequate service as a public utility. Moreover the rates of Coast Valleys Company are lower than those now charged by the Nestle's Company.

#### ORDER.

Application having been made to the Railroad Commission for an order authorizing the transfer of an electric distributing system located in the town of Gonzales, Monterey County, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the proposed transfer of the electric dis-

tributing system is in the interests of the public, and that the application should be granted as provided herein;

*It is hereby ordered*, that the transfer of the electric distributing system, to which reference is made in the foregoing opinion, from Alpine Evaporated Cream Company to Nestle's Food Company, Incorporated, of California and from Nestle's Food Company, Incorporated, of California to Coast Valleys Gas and Electric Company, be and it is hereby authorized.

The authority herein granted is subject to the following conditions:

1. The transfer of the properties from Nestle's Food Company, Incorporated, of California to Coast Valleys Gas and Electric Company shall be in accordance with the terms of the contract, dated August 23, 1924, between the two companies, a copy of which contract is filed with the application as Exhibit "F."

2. The price at which the properties referred to herein are transferred shall not be urged before this Commission or other court or public body having jurisdiction as a measure of value of such properties for any purpose other than the transfer herein authorized.

3. Within sixty days after the transfer of the properties herein authorized Coast Valleys Gas and Electric Company shall file with the Commission a certified copy of the deed by which such properties are conveyed and shall file also a statement showing the entry, or entries, by which it records on its books of account the purchase of such properties.

4. The authority herein granted will become effective upon the date hereof.

Dated at San Francisco, California, this twenty-third day of December, 1924.

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DECISION No. 14394.

IN THE MATTER OF THE APPLICATION OF ASSOCIATED TELEPHONE COMPANY FOR A PERMIT TO SELL TWO HUNDRED THOUSAND DOLLARS PAR VALUE OF ITS FIRST MORTGAGE AND COLLATERAL TRUST GOLD BONDS.

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Application No. 10671.

Decided December 23, 1924.

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*John E. Marble and Sam R. Hefley*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Associated Telephone Company asks for an order authorizing it to issue and sell, at not less than 97 per cent of face value

plus accrued interest, \$200,000 of its first mortgage and collateral trust bonds for the purpose of paying indebtedness and of financing the cost of betterments, improvements and extensions.

The bonds proposed to be issued are part of an authorized issue of \$2,000,000 of bonds, the payment of which is secured by a mortgage the Commission authorized to be executed by Decision No. 8685, dated March 3, 1921. The bonds are dated as of November 1, 1920, bear interest at 6 per cent per annum, mature November 1, 1950, and are callable at 105. Heretofore, pursuant to orders from the Commission, applicant has issued \$1,329,200 of bonds, of which \$829,200 were delivered in exchange for a like amount of bonds of Union Home Telephone and Telegraph Corporation, and \$500,000 were sold to pay indebtedness and to finance the cost of additions and betterments.

Applicant now asks permission to issue additional bonds in the aggregate face amount of \$200,000. It proposes to sell its bonds at 97 per cent of face value plus accrued interest and to use the proceeds to pay indebtedness and to finance the cost of additions and betterments. In Exhibit No. "1" it reports that up to November 31, 1924, it has expended for additions and betterments the sum of \$229,284.43, which has not been financed through the issue of stock or bonds, and estimates its capital expenditures up to April 1, 1925, at \$290,381.21, the two items aggregating \$519,665.64. These expenditures are described as follows:

Balance, November 31, 1924.....	\$229,284 43
Four party-line boards for East 209 and one individual line board....	25,075 13
Labor in installing.....	1,500 00
Sixteen reels of 600 pr. cable.....	13,000 00
Labor in placing and splicing.....	1,500 00
Switchboard and equipment received from Automatic Electric Company and paid by note dated October 29, 1924—installed.....	23,776 96
Cable received from Western Electric Company and paid by note dated October 15, 1924—installed and on hand.....	20,996 13
Telephone and miscellaneous equipment received from Kellogg Switchboard and Supply Company and Automatic Electric Company—on hand and in plant.....	10,000 00
Automatic contact for San Bernardino central office installation.....	194,532 90
Total.....	\$519,665 64

According to the testimony of Sam R. Hefley, applicant's general manager, the expenditures of \$229,284.43 have been made with moneys borrowed from its depreciation fund and on short term notes, the notes payable, as of November 30, 1924, aggregating \$109,773.09. The estimated expenditures of \$290,381.21 are reported necessary to take care of the company's rapidly expanding business. In this connection it reports 12,284 stations on October 1, 1920, 14,670 on October 31, 1921, 16,568 on October 31, 1922, 20,641 on October 31, 1923, and 24,305 on October 31, 1924, a gain during the four years of 12,021 stations. Of

the total of 24,305 stations on October 31, 1924, the company reports 19,508 at Long Beach and 4797 at San Bernardino.

The company has entered into a contract for the purchase and installation, at a total cost of \$194,532.99, of automatic telephone equipment to replace the present manual equipment in San Bernardino. A copy of the contract has been filed in this proceeding as part of applicant's Exhibit No. "6". The equipment is being purchased from Automatic Electric Company of Illinois, which will install the equipment. Of the purchase price \$10,000 was paid on execution of the contract, \$100,000 will be payable upon receipt of equipment the value of which equals or exceeds that amount, and the balance, \$84,532.99, will be payable four months after receipt of final shipment, all payments to bear interest at the rate of 6 per cent per annum after they become due. It appears from the testimony that a payment of \$100,000 will become due about the first of April, 1925.

#### ORDER.

Associated Telephone Company, having applied to the Railroad Commission for permission to issue and sell \$200,000 of bonds, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income,

*It is hereby ordered*, that Associated Telephone Company be and it is hereby authorized to issue and sell on or before June 30, 1925, at not less than 97 per cent of face value plus accrued interest \$200,000 of its first mortgage and collateral trust 6 per cent bonds due August 1, 1950, for the purpose of reimbursing its treasury, paying indebtedness and of financing the cost of extensions, additions and betterments, all as set forth in the foregoing opinion.

*It is hereby further ordered*, that Associated Telephone Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted will become effective when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$200.

Dated at San Francisco, California, this twenty-third day of December, 1924.

## DECISION No. 14403.

CITY OF STOCKTON, A MUNICIPAL CORPORATION,

vs.

SOUTHERN PACIFIC COMPANY, A CORPORATION, THE WESTERN  
PACIFIC RAILROAD COMPANY, A CORPORATION.

Case No. 1963.

Decided December 26, 1924.

GRADE CROSSING—SEPARATION OF GRADES.—The Commission holds that it has jurisdiction to order a grade separation at the intersection of Miner avenue and Sacramento street, Stockton, and that this point of crossing can not be considered a legal "no man's land." Complainant is authorized to construct a subway in Miner avenue under the tracks of defendant railroads and the cost of the same, exclusive of paving, is apportioned between the city and the railroads, the city bearing the cost of paving, and 50 per cent of the cost of the subway, the Southern Pacific Company paying 30 per cent of the cost of the subway, and the Western Pacific Railroad Company, 20 per cent of the cost of the subway.

*J. LeRoy Johnson*, City Attorney of the City of Stockton, and *Clarence Grant*, Assistant City Attorney, for Complainant.

*Elmer Westlake* and *E. J. Foulds*, by *E. J. Foulds*, for Southern Pacific Company.  
*James S. Moore, Jr.*, and *Newmiller Ditz*, by *Mr. Ditz*, for the Western Pacific Railroad Company.

MARTIN, *Commissioner*.

## OPINION.

This is a proceeding brought by the city of Stockton, asking that the Commission make its order directing that a subway or an overgrade crossing be built on Miner avenue in the city of Stockton, across the tracks of Southern Pacific Company and the Western Pacific Company, defendants herein; that each of the defendant railroad companies be charged with their portion of the expense of the construction of the elected grade separation and for such other and further relief as the Commission may deem meet and just in the premises.

In the complaint it is alleged that the safety, convenience and welfare of the citizens of the city of Stockton make it necessary that a grade separation be effected on at least one of the city streets traversing tracks of defendant railroad companies; and that Miner avenue is centrally located and offers a good location for the construction of a subway or overgrade crossing across the tracks of defendant railroad companies.

With respect to effecting a grade separation at Miner avenue by means of an overgrade crossing, complainant herein had advised the Commission, in writing, that subsequent to the filing of this complaint further investigation had been made relative to the construction of an overgrade structure and, as a result, complainant had decided to withdraw its request for the consideration of an overhead crossing and ask that only the subway structure be considered. This request of complainant was granted.

In the answer of each of the defendant railroad companies, practically all the allegations set forth in the city's complaint, tending to show there is a necessity for a grade separation at this time, are denied and dismissal of the complaint is asked.

Public hearings were held in this matter in Stockton February 20th, April 2d and 3d, May 23d; and in San Francisco April 17th, 18th, 19th, 23d, all in 1924. It was stipulated by all interested parties that the record in Case No. 1457, in so far as relevant, be considered in evidence in the present proceeding. Case No. 1457 was a complaint wherein the city of Stockton asked the Commission to order a subway at Weber avenue and which, after a number of hearings, was dismissed at the request of the complainant.

Stockton is an important industrial, manufacturing and marketing center, located in the upper portion of the San Joaquin Valley, and is practically surrounded by a large, fertile agricultural, horticultural and viticultural district, a great portion of which is intensively cultivated. This city is fortunately situated with respect to transportation facilities, being located on tidewater and reached by three transcontinental railroads.

The main line tracks of Southern Pacific Company and the Western Pacific Railroad Company, defendants herein, which for convenience will sometimes hereinafter be designated collectively as the railroads, pass through the city of Stockton in a northerly and southerly direction. The lines of the two railroad companies in the city are practically parallel and situated some 200 feet apart in the vicinity of Miner avenue. The Western Pacific occupies the easterly position.

Approximately 32 per cent of the area of the city of Stockton lies east of the railroads. The total population of Stockton is estimated at 53,000, of which some 25 per cent reside east of the railroads. Located west of the railroads are the greater portion of the city's larger industries and civic organizations, the business center, the waterfront, the high school, the major portion of the public parks and playgrounds, the greater portion of the industrial plants and six of the seven fire stations. The east side is built up largely with residences.

There are thirty important east and west city streets between Harding way (formerly North street) and Charter way (formerly South street), of which only thirteen cross the railroads at grade. Seven of these east and west streets are closed by the state hospital grounds. A number of the other streets that do not cross the tracks are not graded adjacent to the railroads. With four exceptions, all the thirteen streets that cross the tracks involved herein are 60.6 feet in width, the four exceptions being Harding way, 90 feet wide, and Miner, Weber and Hazelton avenues, each having a width of 111.1 feet.

The present distribution of traffic on the east and west streets is shown in the following tabulation of traffic counts from city of Stockton's Exhibits 10 and 21.

Crossing	Date and time check taken	Average per hour								
		Street traffic					Railroad traffic			
		Motor vehicles	Other vehicles	Street cars	Pedestrians and bicycles	Total	S. P. Co.		W.P.R.R. Co.	
							Trains	Other movements	Trains	Other movements
Harding way . . . (North st.)	Nov. 17, 1923, 6 a.m.-10 p.m.	51 5	1 2		12 7	65 4	1 3	2 1	1 0	2 3
Park st. . . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	52 1	1 0		22 5	75 6	1 1	0 3	1 2	2 3
Oak st. . . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	59 3	2 4		12 9	74 6	1 6	0 4	1 0	1 4
Lindsay st. . . .	Mar. 18, 1924, 24 hours	34 9	1 0		19 5	55 4				
Miner ave. . . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	46 1	1 0		23 8	70 9	1 5	4 9	0 7	1 0
Channel st. . . .	Mar. 18, 1924, 24 hours	28 9	1 3		11 5	41 7				
Weber st. . . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	510 7	4 1	3 0	93 6	611 4	2 9	5 2	0 6	1 1
Main st. . . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	245 1	1 3	23 8	173 8	444 0	2 4	5 1	0 4	1 0
Market st. . . .	Nov. 17, 1923, 6 a.m.-10 p.m.	189 4	10 7		80 6	280 7	1 4	3 8	0 9	1 2
Lafayette st. . .	June 11, 1921, 6 a.m.-10 p.m.	20 8	6 7		45 3	72 8	1 7	7 9	0 4	1 8
Church st. . . .	Mar. 18, 1924, 6 a.m.-10 p.m.	27 1	8		19 5	47 4				
Hazleton ave. . .	Nov. 17, 1923, 6 a.m.-10 p.m.	35 1	3 0		17 3	55 4	2 4	6 3	0 8	1 3
Charter way . . . (South st.)	Nov. 17, 1923, 6 a.m.-10 p.m.	127 2	4 6		11 4	143 2	1 2	4 9	1 0	2 5
Totals. . . . .		1428 2	39 1	26 8	544 1	2038 5	*17 5	*40 9	*8 0	*15 9

\*Exclusive of Lindsay, Channel and Church.

NOTE.—Traffic checks taken on November 17, 1923, and June 11, 1921, shown in city of Stockton's Exhibit No. 10. Traffic checks taken on March 18, 1924, shown in city of Stockton's Exhibit No. 21.

This table shows that the three most important east and west streets of Stockton crossing the railroads, named in the order of the volume of vehicular traffic carried, are Weber avenue, Main street and Market street. Weber avenue is located two blocks south of Miner avenue; Main and Market streets being the next streets in the order named south of Weber avenue. These three streets are the principal east and west business streets and carry approximately 65 per cent of the total vehicular and pedestrian traffic that passes over the railroads. Main street, in addition to carrying a large volume of vehicular traffic, has the only important street car line serving that portion of the city east of the railroads. With respect to the traffic on Miner avenue, attention is called to the fact that this street is at present only partially improved in the vicinity of the proposed subway, which accounts to a certain extent for its relative light traffic, as shown in the preceding tabulation.

**Wilson way (formerly East street)** is a north and south street located four blocks east of the railroads. All of the principal highways entering



Stockton from the northeast and east feed traffic into Wilson way, and this street also now connects directly with all the thirteen through east and west streets crossing the railroads. The distributing power of this street, therefore, makes it possible for the city to control in a large degree the extent to which traffic is distributed on the east and west streets. The importance of Wilson way in this regard will be even greater when the improvement of this street, now under way, has been completed. Because of topographical conditions, a considerable proportion of the future residential growth of Stockton will most probably take place largely to the north and east of the present built-up area. Also, the city has located a civic center near the westerly terminus of Miner avenue, about two blocks north of the present business center of the city, which will tend to increase the importance of Miner avenue as a traffic artery.

Based on present traffic conditions, it would appear preferable, other things being equal, that a subway for east and west traffic be located at either Main street or Weber avenue. Due, however, to the narrowness of Main street, a subway at that location would result in unusually large property damages. The construction cost of a subway at Weber avenue would be large on account of the complicated railroad track situation prevailing thereon. A subway at either of these streets would also seriously interfere with the convenient access to the passenger station of the Western Pacific, which is located on Union street, between Weber avenue and Main street. When future traffic probabilities are considered, together with the present traffic movement, it appears that a subway at Miner avenue may be made to serve the public convenience and necessity nearly as well as at either Main street or Weber avenue, and certainly in a much greater degree than at any other east and west street. It is certain that property damages incident to the construction of a subway at Miner avenue will be much less than will be the case of constructing one of similar dimensions at either Main street or Weber avenue.

A study of a traffic survey taken at the various streets indicates that highway traffic, in addition to being subjected to considerable hazard at the various grade crossings, is also subject to delays due to the crossings being at times blocked by trains. The defendant railroad companies contend that these delays are due to a large extent to the speed restriction of eight miles per hour imposed by the city on the operation of trains, and that if the legal speed of trains were made equal to the legal speed of other traffic a large part of the inconvenience of delay to the public would be eliminated without substantially increasing the hazard. This suggestion appears to have some merit and

it is probable that the city, the railroads and the general public would be benefited by increasing the legal speed permissible for trains, irrespective of whether or not a subway is constructed. However, it does not appear to be reasonable to assume that this would afford a sufficiently adequate relief to the present traffic situation as a substitute for a grade separation.

While it is not fair to assume that the subway proposed herein, if built, will entirely eliminate the inconvenience the city of Stockton is now suffering due to grade crossings being blocked by defendants' trains, it will, however, afford a large measure of relief to the situation in that the proposed subway will offer free passage across the tracks involved to all vehicular traffic which elects to avail itself of this privilege. Testimony submitted at the hearing was to the effect that a subway at Miner avenue will be of material benefit to the fire department of the city. As hereinbefore stated, six of the seven fire stations of Stockton are located west of the railroads, and in combating fires of any magnitude east of the railroads it becomes necessary to obtain fire apparatus from the west side. The fire chief of Stockton testified that fire-fighting equipment had been detained in crossing the railroad in certain instances when going to fires and that with a subway at Miner avenue the department would route fire equipment through it when practicable.

A number of modifications of the city's plans for the proposed grade separation, city of Stockton's Exhibits Nos. 14 and 15, were considered and the various estimates therefor are briefly summarized in the following tabulation:

Source of estimate item	General description and structure				Estimated cost, exclusive of property damage
	Roadways		Sidewalk		
	No.	Width	No.	Width	
City of Stockton Exhibit No. 16.....	2	24	2	6	\$308,280 00
Defendant's Exhibit No. 2 and Transcript page 544.....	2	24	2	6	481,715 00
Defendant's Exhibit No. 2 and Transcript page 343.....	1	24	1	6	400,000 00
Commission's Exhibit No. 1, Estimate A.....	2	24	2	6	383,536 00
Commission's Exhibit No. 1, Estimate B.....	2	20	2	5	359,595 00
Commission's Exhibit No. 1, Estimate C.....	1	22	2	5	308,803 00

\*Piling under abutments supporting the tracks not included.

With respect to property damage that will result in the event a subway is constructed at Miner avenue, city of Stockton's Exhibit No. 22 shows the estimated amount for the item to be \$51,583, exclusive of railroad property, while city of Stockton's Exhibit No. 24 estimates the damage to railroad property as \$12,167. These appraisals were

prepared by the appraisal committee of the Stockton Realtors' Association and were not contested.

The statements as to plans and estimates introduced by the defendants was without admission by them of the necessity for, and did not specify the general dimensions of a subway, if one were required, the purpose of defendants being merely to show the modifications that to them seemed desirable if a subway were constructed, and giving their opinion as to cost.

Extensive studies and data were submitted by the Southern Pacific as to the relation of width of restricted roadways to traffic capacities. The results of these studies are summarized in Defendant's Exhibit No. 16. It appears from these studies that a single 22-foot roadway would have sufficient capacity to carry a total of more than 1200 vehicles per hour, or about 65 per cent of all the vehicles crossing the railroads on all the east and west streets during the hour of maximum traffic. It is thus apparent that a subway of lesser width than that proposed by the city of Stockton in its Exhibits 14 and 15 will provide ample carrying capacity to meet the needs for the vehicular and pedestrian traffic that reasonably may be expected to use it for some time to come. The plan suggested in city of Stockton's Exhibits Nos. 14 and 15 provides space for the construction of a double track street car line. The local street car company, however, does not operate on Miner avenue, and it was strongly opposed, even were it possible to secure a franchise, to rerouting its cars to Miner avenue. Testimony was offered showing the inconvenience to the traveling public, especially to passengers going to or coming from the passenger depots of either the Southern Pacific or the Western Pacific, and also the damage that might result to Main street business if the street car traffic were withdrawn from that thoroughfare. Under the circumstances and from the testimony there does not appear to be sufficient justification at the present time, and in this proceeding, for providing a subway of sufficient capacity to accommodate street cars.

From the evidence it appears that a subway having one roadway with a clear width of 22 feet and one sidewalk with a width of 6 feet will be adequate, and there is not sufficient warrant for imposing either on the city or the railroads the burden of expense involved in constructing a larger subway at this time. If, and when, additional traffic capacity becomes necessary, another subway should be constructed at some other street. A subway of these dimensions should cost somewhat less than the estimated cost of the structure considered in the Commission's Estimate "C", referred to above.

Both defendant railroad companies oppose the construction of a subway at Miner avenue as applied for herein, on the ground that public

convenience and necessity do not warrant the expense of the proposed improvement. They contend that a subway constructed at Miner avenue will not attract a large volume of traffic and will have but little beneficial effect on the present conditions. Each of the defendants plan to remove their shops and roundhouses to a new location south of Stockton; in fact, Western Pacific Company's new facilities are now nearly completed. This will lessen, to a certain extent, the switching movements over some of the crossings in Stockton, especially those near the present shops. While the relocations of the shops will improve the situation to a certain extent, the major portion of the conditions complained of by the city will still exist.

Western Pacific alleged, and counsel argued strenuously, that vehicular traffic is delayed but very little by its trains and that it is not fair to require it to participate to any great extent in the cost of protection that may be necessarily due in a larger degree to the operation of Southern Pacific trains than of Western Pacific trains. It can not be denied that Western Pacific Company's trains do cause some interference with vehicular and pedestrian traffic, and also create a certain hazard, and that due to the fact that the two lines are in close proximity it is not, under the conditions, practicable or proper to construct a subway under the tracks of Southern Pacific Company without extending the subway under tracks of Western Pacific Company. If either of these railroads are to be considered by itself, it might possibly be that the conditions with respect to either railroad may not be such as to justify the expense of a grade separation. But these railroads being located as they are, adjacent to each other, each mutually contribute to increase the hazard and public inconvenience caused by the other. If one railroad (*i. e.*, the Western Pacific) locates its line in close proximity and parallel to an existing railroad (*i. e.*, the Southern Pacific), thereby increasing the hazard and inconvenience to the public, it must share in the responsibility for the increased hazard and inconvenience. If the proximity of two railroads creates a jointure of hazard and inconvenience, the situation thus created should properly be dealt with in its entirety. It is futile and idle for a carrier that has deliberately located its line adjacent to another carrier, to contend that if its road were considered by itself, there would not be found sufficient inconvenience or hazard to warrant a separation of grades, and therefore that it should not properly participate in an allocation of the costs of separation. When the Western Pacific located its tracks near the Southern Pacific, making it necessary for vehicular and pedestrian traffic to cross, in close sequence, two main lines of railroad with their various tracks, by that act it became a factor and a participant in any future inconvenience or hazard attendant thereto. The relative and

just degree of liability as between the two roads and the consequent allocation of costs, will be dealt with later in this opinion.

The Southern Pacific Company contends that the public would not make any considerable use of a subway, if constructed; and to this end offered testimony regarding the use of the Fresno street subway at Fresno, which is located approximately 400 feet south of a grade crossing at Merced street and 800 feet north of a grade crossing at Tulare street. A ten-hour check of traffic showed that a total of 8525 vehicles, other than street cars, which have no choice of route, crossed the railroad at the three streets, of which 40 per cent used the subway (Fresno street), 29 per cent used the grade crossing at Merced street and 31 per cent used the grade crossing at Tulare street. It appears that this subway was installed many years ago, with steep grades of approach, without adequate provision for drainage and with other defects in design; yet, in spite of these objectionable features that should not exist in the subway proposed at Miner avenue, the evidence shows that the public does make a very substantial use of the Fresno street subway; in fact, more use than is made of either of the grade crossings serving that general section of Fresno.

It was argued by counsel for the Southern Pacific Company that we possess no jurisdiction to direct the separation of grades at this point, because at this intersection the railroad tracks are laid in a street. It is argued that therefore the tracks do not cross the intersecting street. In other words, counsel declares that the portion of Sacramento street which is situated at the point of such intersection is not a portion of Miner avenue, and that the latter ends when it meets the former and again commences on the other side.

We see no merit in this contention. As well argue that Miner avenue continues to exist across Sacramento street, and the latter loses its entity at the intersection. This point of crossing can not be considered for purposes of grade separation as a legal no man's land, and the fact is that the lines of travel of both streets intersect at this point, and that the tracks of this railroad do, in every logical sense, cross Miner avenue. The policy expressed in Section 43 of the Public Utilities Act applies with peculiar force to this situation in so far as the railroad and its hazards are concerned, and we must assume jurisdiction over this grade crossing.

From the evidence before us herein, it appears that public convenience and necessity do require the construction of a subway at Miner avenue, and that the need for improving the grade crossing situation will increase in the future, as Stockton is a growing, thriving city and as the district to the east offers a favorable location for future expansion

of the city's residential section. It further appears that Miner avenue is the proper street in which to construct the subway.

In the matter of apportioning the cost of grade separation, it has already been pointed out that the track of each of the defendant railroads are so situated in Stockton that hazard to vehicular and pedestrian travel across each is augmented by the presence of the other. Furthermore, the two railroads are so situated at Miner avenue that it is physically impracticable to separate the grade at one with suitable approaches without separating the grade at the other. The question of the apportionment of the cost of grade separation as between the public and the railroads is one that generally is not completely susceptible of mathematical determination upon any basis of relative benefits, relative hazards or relative necessity. It is true, however, that railroads are always constructed with the hope and expectation that the communities which they are to serve will grow in population and prosperity. Such growth brings with it new and divers hazards and, at the same time, creates new obligations. On the one hand, it appears fair and just that the public, the growth of which in large measure creates the new dangers and necessities, should bear a part of the cost of those facilities which will relieve these new conditions and, on the other hand, it seems equally fair and just that the railroads which benefit directly and in a vital manner from the very growth in population and traffic which creates the new hazards should share in the cost of minimizing them. The railroad, by its construction, incurs an obligation to reduce to a minimum the hazard and inconvenience to other traffic, that such a barrier interposes to free communication between the two portions of a community that it so divides. This obligation continues and increases with the development of the community which it serves. The absence of any logical or mathematical measuring stick by which to test the usual crossing separation cost apportionment problem, early led both this Commission and most parties appearing before it to the conclusion that a fair method would be the assessment of equal portions of the cost upon the two major interests, and the justice of this conclusion has seldom been questioned.

It is true that a situation is sometimes met wherein some more definite measure may be arrived at upon principles of benefit, hazard or necessity, but in our opinion this is not such a case. Nothing has been shown by any of the parties to this proceeding which can justify the taking of this case out of the general policy of equal cost division which we have maintained for many years, and we therefore believe it appropriate and just that the city of Stockton should bear one-half of the cost of the separation of grades at this point, and that the two carriers here in question should together bear the other half. The cost of

improving the street with a pavement (not now existing) should be borne exclusively by the city; as likewise should the cost of relocating, as may be necessary, gas or water pipes or conduits, in so far as the owners of these utilities are not required to bear such cost under their franchise obligations.

In determining a just division of the railroads' portion of the cost as between the two defendant companies, due consideration must be given to physical as well as to the operating conditions of each railroad. As a basis for this division of cost, it has been considered equitable that the railroads' portion of the cost of the subway, exclusive of that portion occupied by tracks, should be divided equally between the two defendant railroads, including property damage. With respect to the cost of that portion of the subway occupied by tracks, the railroads' portion of this amount should be assessed to each railroad in proportion to the number of tracks involved. Using this theory as a basis for apportioning the cost and giving consideration to other phases involved herein, it appears equitable that Southern Pacific Company should pay sixty (60) per cent of the railroads' portion, or thirty (30) per cent of the total cost of the subway, exclusive of pavement costs, and the Western Pacific Company should pay forty (40) per cent of the railroads' share, or twenty (20) per cent of the total cost of the subway, exclusive of pavement costs.

There is a tentative agreement between complainant and defendants whereby the city of Stockton will have direct supervision of this improvement.

Defendant railroad companies contend that if a subway is installed at Miner avenue, public convenience and necessity will not then require the continuance of the grade crossings of the two adjoining streets, Lindsay and Channel, over their tracks. This contention appears reasonable. The closing of these streets will also tend to encourage the use of a subway at Miner avenue without seriously inconveniencing the small volume of traffic now using Lindsay and Channel streets. Also, the city should arrange to so improve and keep improved the pavement through the proposed subway so that it will be attractive to vehicular traffic.

The following form of order is submitted:

#### ORDER.

The city of Stockton, county of San Joaquin, State of California, filed the above entitled proceeding asking that the Commission make its order directing that a subway be built on Miner avenue in the city of Stockton under the tracks of Southern Pacific Company and the Western Pacific Railroad Company, or upon such other highway trav-

ersing the tracks of these defendant railroad companies as the Commission might deem proper; that the defendant railroad companies be charged with their portion of the expense of the construction of such subway and for such other and further relief as the Commission might consider just in the premises. Public hearings have been held on this matter, the Commission is apprized of the facts, and the matter has been submitted and is now ready for decision, and

It is hereby found as a fact that public convenience and necessity require the separation of grades of the crossing of Miner avenue with the tracks of Southern Pacific Company and with the tracks of the Western Pacific Railroad Company in the city of Stockton, county of San Joaquin, State of California, and therefore,

*It is hereby ordered*, that permission and authority be and it is hereby granted to the city of Stockton to construct a subway in Miner avenue under the tracks of the Southern Pacific Company and under the tracks of the Western Pacific Railroad Company in the city of Stockton, county of San Joaquin, State of California; said subway to be constructed subject to the following conditions, viz:

(1) Said subway shall be constructed so as to provide one roadway with not less than twenty-two (22) feet clear width and one sidewalk with a width of not less than six (6) feet, and with grades of approach of approximately five (5) per cent.

(2) Said subway shall be constructed in accordance with detail plans and specifications which shall have been approved by this Commission.

(3) The work of constructing said subway shall be performed under the direct supervision of the city of Stockton in accordance with a program which shall have the approval of this Commission.

(4) All provisions of General Order No. 26 of this Commission which are appurtenant herein shall be complied with.

(5) The existing grade crossings over defendants' tracks on Lindsay and Channel streets, respectively, shall be abandoned and effectively closed after the subway in Miner avenue is completed and opened to public use.

(6) Applicant shall, within thirty days thereafter, notify this Commission in writing of the completion of the installation of said subway.

(7) If said subway shall not have been installed within two years from the date of this order, the authorization herein granted shall then lapse and become void unless further time is granted by subsequent order.



*It is hereby further ordered*, that the cost of constructing said subway, including amounts assessed in compensation for property taken and damaged in connection therewith, shall be borne as follows:

(1) City of Stockton shall bear one-half the cost of said subway, exclusive of the cost of paving the roadway, and the entire cost of paving the roadway through the subway.

(2) Southern Pacific Company shall pay thirty (30) per cent of the total cost of said subway, exclusive of the cost of roadway paving.

(3) The Western Pacific Railroad Company shall pay twenty (20) per cent of the total cost of said subway, exclusive of the cost of roadway paving.

*It is hereby further ordered*, that the maintenance of said subway shall be borne as follows:

(1) Maintenance of the substructure, together with the cost of draining and lighting said subway, shall be borne by the city of Stockton.

(2) The maintenance of that portion of said subway of the superstructure supporting tracks of Southern Pacific Company shall be borne by Southern Pacific Company.

(3) The maintenance of that portion of the superstructure of said subway supporting tracks of the Western Pacific shall be borne by the Western Pacific Railroad Company.

*It is hereby further ordered*,

(1) That no portion of the cost herein assessed to the city of Stockton for the construction of said subway shall be assessed to the operative property of defendant railroad companies, or either of them.

(2) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and apportioning the costs of said subway, or relative to any other matter pertaining thereto, as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 26th day of December, 1924.

## DECISION No. 14404.

- IN THE MATTER OF THE APPLICATION OF E. R. KETCHUM FOR CERTIFICATE TO OPERATE FREIGHT SERVICE BETWEEN LOS ANGELES AND LOS ANGELES HARBOR.

## Application No. 9798.

- IN THE MATTER OF THE APPLICATION OF FRANK H. WHITE AND FRED A. WHITE FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE BAGGAGE AND FREIGHT SERVICE BETWEEN LOS ANGELES AND LOS ANGELES HARBOR.

## Application No. 9632.

- IN THE MATTER OF THE APPLICATION OF O. C. BUTLER AND HAROLD A. GRUNDY, COPARTNERS, DOING BUSINESS UNDER THE NAME OF PACIFIC TRANSPORTATION COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A TRUCKING SERVICE BETWEEN THE CITY OF LOS ANGELES, ORIGINAL GRANT AND ANNEXATIONS, AND THE HARBOR DISTRICT OF SAID CITY OF WILMINGTON AND SAN PEDRO.

## Application No. 9627.

- IN THE MATTER OF THE APPLICATION OF S. H. THOMAS AND C. A. THOMAS FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A FREIGHT SERVICE BETWEEN LOS ANGELES AND EAST SAN PEDRO-TERMINAL ISLAND AND BETWEEN EAST SAN PEDRO-TERMINAL ISLAND, AND SAN PEDRO AND WILMINGTON.

## Application No. 9770.

- IN THE MATTER OF THE APPLICATION OF ASSOCIATED TRANSIT COMPANY, INCORPORATED, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AUTO FREIGHT TRUCK SERVICE BETWEEN THE CITY OF LOS ANGELES, AND LOS ANGELES HARBOR STEAMSHIP WHARVES LOCATED AT WILMINGTON, AND SAN PEDRO, SAN PEDRO AND LONG BEACH, VENICE, SANTA MONICA, GLENDALE, PASADENA AND ALHAMBRA.

## Application No. 10080.

- IN THE MATTER OF THE APPLICATION OF D. H. SCHIFFMAN FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A MOTOR TRUCK SERVICE BETWEEN LOS ANGELES AND WILMINGTON AND SAN PEDRO, AND ALL INTERMEDIATE POINTS.

## Application No. 9496.

- IN THE MATTER OF THE APPLICATION OF DIAMOND TRANSPORT AND STORAGE COMPANY, F. F. BALZER, SOLE PROPRIETOR, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE FREIGHT SERVICE BETWEEN WILMINGTON AND SAN PEDRO AND LOS ANGELES.

## Application No. 9659.

- IN THE MATTER OF THE APPLICATION OF C. C. TRANSFER AND GARAGE FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE A FREIGHT AND TRUCK SERVICE BETWEEN LOS ANGELES AND SAN PEDRO AND WILMINGTON.

## Application No. 10020.

IN THE MATTER OF THE APPLICATION OF THE SCANDIA TRUCK AND TRANSFER COMPANY, INCORPORATED, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE FREIGHT SERVICE BETWEEN LOS ANGELES CITY PROPER, AND THE HARBOR DISTRICT OF LOS ANGELES AT WILMINGTON AND SAN PEDRO.

## Application No. 9900.

IN THE MATTER OF THE APPLICATION OF A B C TRANSPORTATION SYSTEM FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE MOTOR TRUCK FREIGHT SERVICE BETWEEN LOS ANGELES AND SAN PEDRO AND WILMINGTON, A PART OF LOS ANGELES AND COMMONLY REFERRED TO AS LOS ANGELES HARBOR.

## Application No. 9988.

IN THE MATTER OF THE APPLICATION OF T. J. WADE, DOING BUSINESS UNDER THE FICTITIOUS NAME OF WADE SHIPPING COMPANY, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, FOR TRANSPORTATION OF FREIGHT BETWEEN LOS ANGELES BUSINESS DISTRICTS, AS DESCRIBED HEREIN, AND THE STEAMSHIP DOCKS AND WHARVES AT LOS ANGELES HARBOR (SAN PEDRO AND WILMINGTON).

## Application No. 9584.

Decided December 27, 1924.

TRANSPORTATION—AUTO TRUCKS—JURISDICTION.—The Commission, in a prior decision having assumed jurisdiction of the operations of motor carriers operating between Los Angeles City proper and Los Angeles harbor district (San Pedro, Wilmington and East San Pedro) finds that the services rendered by applicants are required by the needs of the city and the harbor, and grants certificates for the performance of the various kinds of service which, before the granting of temporary permits by the Commission in the prior decision, had been carried on illegally in certain instances without carrier having obtained certificates from the Commission.

*L. L. Young*, for Applicant **D. H. Schiffman**.

*H. M. Wade*, for Applicant **T. J. Wade**, doing business under the fictitious name of Wade Shipping Company.

*Nolan, Rohe and Freston*, by *Henry Ramey*, for **Frank H. White** and **Fred A. White**, Applicants.

*Maurice C. Sparling*, for Applicant **Pacific Transportation Company**.

*E. K. Maine*, for Applicant **Diamond Transport and Storage Company**.

*Declin and Brookman*, by *Douglas Brookman*, for the **Hodge Transportation System** and the **Los Angeles and San Pedro Transportation Company**, Protestants.

*Howard Robertson* and *Herbert W. Kidd*, for the **California Truck Company**, **Citizens Truck Company**, **Star Truck & Transfer Company**, **Paul Kent Truck and Transfer Company**, **Belyea Truck Company**, **Ashton Truck Company**, **Smith Brothers Truck Company** and **Pioneer Truck Company**, Protestants.

*E. E. Bennett*, for the **Union Pacific Railroad**, Protestant.

*C. W. Cornell*, for the **Pacific Electric Railway Company**, Protestant.

*Frank M. Smith*, for **Bennett and Faus**, Protestants.

*Nolan, Rohe and Freston*, by *Henry Ramey*, for Applicant **E. R. Ketchum**, doing business under the fictitious name of **Atlas Transfer**.

*C. W. Cornell*, for **Southern Pacific Company**, Protestant.

*Lowenthal, Collins and Lowenthal*, by *V. F. Collins*, for **A B C Transportation System**, Applicant.

*H. M. Bruce*, for Applicant Scandia Trucking and Transport Company.  
*Richard T. Eddy*, for Applicant H. S. Thomas and Sons.  
*Harold I. Cruzan*, for Applicant C. C. Transfer and Garage.  
*Frank M. Smith*, for Applicant Associated Transit Company.

*SHORE, Commissioner.*

### OPINION.

The above entitled applications came on regularly for hearing at Los Angeles on March 6, 7, 8, 11, and June 3 and 4, 1924. By stipulation they were consolidated for hearing and decision.

Application No. 9798 is an application filed on behalf of E. R. Ketchum, doing business under the name and style of Atlas Transfer. This application, as amended, is for a certificate authorizing operation of automotive truck service between the city of Los Angeles proper and the steamship wharves and docks located at Wilmington and San Pedro.

Application No. 9632, as amended, is a petition on behalf of Frank H. White and Fred A. White, doing business under the name of White Truck and Transfer Company, in which they also petition for a certificate of public convenience and necessity authorizing the operation of automotive truck service for the transportation of freight as a common carrier between Los Angeles city proper and steamship wharves and docks located at Wilmington and San Pedro.

Application No. 9627 is an application filed by O. C. Butler and Harold A. Grundy, copartners, doing business under the fictitious name of Pacific Transportation Company. This application, as amended, petitions for a certificate of public convenience and necessity authorizing the operation of automotive freight trucks for the transportation of various commodities as a common carrier between the city of Los Angeles proper and the harbor district of said city located at Wilmington and San Pedro.

Application No. 9770 is a petition filed on behalf of S. H. Thomas and C. A. Thomas, copartners, doing business under the name and style of Thomas and Son Transfer Company, for a certificate of public convenience and necessity authorizing the operation of automotive trucks as a common carrier of freight between Los Angeles city proper on the one hand and East San Pedro or Terminal Island on the other, and between East San Pedro or Terminal Island on the one hand and San Pedro and Wilmington on the other.

Application No. 10080 is an application filed on behalf of Associated Transit Company, a corporation, in which it petitions for a certificate of public convenience and necessity authorizing the operation of automotive truck service for the transportation solely of newsprint paper stock in rolls between steamship wharves located at Wilmington and San Pedro and the city of Los Angeles proper, also the cities of San

Pedro, Long Beach, Venice, Santa Monica, Glendale, Pasadena and Alhambra.

Application No. 9496, as amended, is an application filed by D. H. Schiffman, an individual, in which he petitions for a certificate of public convenience and necessity authorizing the operation of automotive truck service for the transportation of general freight between Los Angeles on the one hand and the harbor district, Wilmington and San Pedro, on the other.

Application No. 9659, filed on behalf of F. F. Balzar, doing business under the name and style of Diamond Transport and Storage Company, petitions the Commission for a certificate of public convenience and necessity authorizing the operation of automotive trucks for the transportation of freight as a common carrier between Los Angeles city proper and steamship wharves located at Wilmington and San Pedro.

Application No. 10020 is a petition filed by C. C. Cartwright, doing business under the fictitious name of C. C. Transfer and Garage Company. This application also asks for a certificate of public convenience and necessity authorizing the operation of automotive truck service for the transportation of freight as a common carrier between Los Angeles city proper and steamship wharves located at Wilmington and San Pedro.

Application No. 9900 is a petition filed on behalf of the Scandia Truck and Transfer Company, Inc., a corporation, for a certificate of public convenience and necessity authorizing the operation of automotive truck service for the transportation of freight between Los Angeles city proper and the harbor district of the city of Los Angeles at Wilmington and San Pedro.

Application No. 9988 is a petition filed on behalf of Claude C. Cunningham and Ernest M. Akins, copartners, doing business under the fictitious name of A B C Transportation System. This application is also for a certificate authorizing the operation of automotive truck service for the transportation of freight as a common carrier between Los Angeles city proper and steamship wharves located at Wilmington and San Pedro.

Application No. 9584 is a petition filed on behalf of T. J. Wade, doing business under the fictitious name of Wade Shipping Company. This application, as amended, is for a certificate of public convenience and necessity authorizing the operation of automotive trucks for the transportation of commodities between Los Angeles city proper and steamship docks and wharves at Los Angeles Harbor, namely, San Pedro and Wilmington.

These applications were protested at the above mentioned hearings by the Hodge Transportation System, Los Angeles and San Pedro

Transportation Company, California Truck Company, Citizens Truck Company, Star Truck and Transfer Company, Paul Kent Truck and Transfer Company, Belyea Truck Company, Ashton Truck Company, Smith Bros. Truck Company, Pioneer Truck Company, Bennett & Faus, Union Pacific Railroad, Southern Pacific Company and Pacific Electric Railway Company.

The above entitled applications grew out of a proceeding heretofore determined by the Commission, Case No. 1871, Decision No. 12823, *Hodge Transportation System et al. vs. Ashton Truck Company et al.*, in which proceeding the Railroad Commission held that the operation of automotive trucks as common carriers for the transportation of property for compensation between Los Angeles city proper and the harbor district of the city of Los Angeles, namely, Wilmington and San Pedro, fell within the provisions of Chapter 213, Statutes of 1917, and amendments thereto, due to the fact that such operations were not conducted wholly within the limits of a single municipality, in that trucks used in such service were obliged to travel outside of the city limits of the city of Los Angeles over county highway when moving between the business district and the harbor district of said city, a distance of approximately 22 or 24 miles. The record in the above entitled Case No. 1871 was by stipulation, in so far as material, made a part of the present proceeding in addition to evidence introduced by the individual applicants and protestants on behalf of their respective petitions.

Certain general evidence was also introduced which by stipulation was made applicable to the consolidated proceedings. This joint evidence in effect showed a tremendous increase not only in inbound and outbound tonnage moving through Los Angeles harbor, but also in the number of trucks operated between Los Angeles city proper and the harbor district. Testimony of the statistician employed to gather data in this work shows the following increase in the average daily number of trucks moving over the Harbor boulevard from 1917 to 1923:

	Daily average.
August, 1917 .....	283
May, 1918 .....	331
April, 1919 .....	421
April, 1920 .....	525
May, 1921 .....	655
April, 1922 .....	688
September, 1922 .....	1012
July, 1923 .....	1104

The daily average truck operation over the Harbor Truck boulevard jumped from 41 in December, 1919, to 1022 in July, 1923. Inbound tonnage showed an increase from 1,370,009 pounds for the fiscal year ending June 30, 1917, to 4,090,965 pounds for the fiscal year ending June 30, 1923, and outbound tonnage an increase for the same period

from 942,378 pounds to 14,784,922 pounds. The record also further shows that a considerable amount of both the inbound and outbound tonnage consists of lumber, crude oil and crude oil products, only a small percentage of which, however, moved by motor truck and that accordingly is not material to the present proceeding.

Protestants, on the other hand, submitted evidence to the effect that in their experience the truck tonnage to and from the harbor district and Los Angeles business district had materially decreased during the present year. Several exhibits were introduced by California Truck Company, Smith Brothers Truck and Transfer Company, and Los Angeles and San Pedro Transportation Company showing by charts and statistics the fluctuation by months and showing the peak of the traffic to have been in March to June and a general falling off as compared with the traffic of 1923.

In this connection, however, it was noted that almost all of the applicants herein were engaged in this operation over the same periods of time, and furthermore a check of operating trucks on the Harbor boulevard and the Harbor Truck boulevard revealed the fact that in addition to the authorized carriers and the applicants herein a considerable part of the harbor trucking tonnage is handled by still other trucking concerns.

In the face of this widespread operation, and of the recognized fact noted in the record of this proceeding that the year 1924, owing to special conditions, has been an abnormal year, both in connection with the general business of the country and, particularly in California, with the tremendous growth of population and business in Los Angeles, it does not appear reasonable to assume that the harbor traffic to and from Los Angeles will diminish or even remain at its present level.

Protestants furthermore contended that they have ample equipment with which to handle the entire trucking business between Los Angeles and the harbor, and that several of them are in a position to finance additional equipment as may be required. In this connection the following data was submitted by protestants:

The California Truck Company operates some 23 trucks and 12 trailers, in addition to some 59 horse-drawn vehicles; the Star Truck and Transfer Company, 18 trucks and 5 trailers; the Citizens Truck Company, 25 trucks and 7 trailers; the Pioneer Truck and Transfer Company, 17 trucks and 15 trailers; Smith Brothers Truck and Transfer Company, 26 trucks and 18 trailers; Belyea Truck Company, 27 trucks and 19 trailers; Bennett and Faus, 10 trucks; Los Angeles and San Pedro Transportation Company, 19 trucks, 4 tractors and 19 trailers; the Hodge Transportation System, 22 trucks and 26 trailers. Evidence was also introduced on behalf of the Union Pacific Railroad and the Pacific Electric Railway Company as to the availability of

sufficient freight equipment and the time taken in the movement of freight handled by them from the Harbor district to the freight sheds or sidings in the Los Angeles district.

The evidence further showed, however, that among the protesting trucking carriers only one is engaged exclusively in operation between Los Angeles business district and the harbor district. Approximately 85 to 90 per cent of the business of the other protestants is business exclusively within the city of Los Angeles, or to and from points beyond Los Angeles. Most of the above enumerated equipment and the major part of the investment of these protestants is used in business outside of that involved in the strictly Los Angeles to harbor business.

The evidence submitted by applicants also showed that with one exception the greater portion of their business is likewise within the city of Los Angeles proper, and that their harbor business is the normal and necessary expansion of their city business.

A brief review of the testimony on behalf of the respective applicants is given as follows:

Application No. 9798. E. R. Ketchum, doing business under the fictitious name of Atlas Transfer Company, testified that he started in business in the year 1913, that later he took his brother in partnership but bought him out about March 1, 1917, after which date and prior to May 1, 1917, he has been engaged as an individual in the operation of trucks for the transportation of property for compensation between Los Angeles proper, Wilmington and San Pedro. In support of his application, applicant introduced evidence from several former employees who testified in effect that they had driven trucks for applicant prior to May 1, 1917, transporting property for compensation between the points herein sought to be served. This applicant owns some 7 trucks and 2 trailers and is at present time serving some 40 regular customers in harbor transportation work. In view of the evidence introduced on behalf of this applicant, we believe that he has substantiated his claim to have been engaged in the transportation of property for compensation between Los Angeles and the harbor prior to May 1, 1917, and continuously since that time, and accordingly it will be unnecessary to further review testimony in this application. Applicant requested that in the event of the Commission finding that he had been operating prior to May 1, 1917, and continuously thereafter, and that accordingly it would be unnecessary for him to obtain a certificate of public convenience and necessity to pursue his operation lawfully, he be permitted to file his tariff schedule and rules and regulations, and that the Commission approve the same. The order herein will provide accordingly.

Application No. 9632. Frank H. White and Fred A. White, copartners, doing business under the name of White Truck and Transfer



Company. Evidence in this proceeding tended to show that the senior White has been engaged in the trucking business in Los Angeles for a period of approximately 21 years; that he first commenced operation between Los Angeles City proper and the harbor in December 1914. It appears that in the early part of 1916 he sold his interest in the trucking business to one Russel but continued trucking again for himself in December 1916 and thereafter as an individual until about July 1, 1923, at which time one-half interest in his business was transferred to his son. This copartnership at the present time owns some 26 trucks and 9 trailers, of which from 2 to 6 per day are used in the harbor haul. They have about 50 regular customers for whom they do exclusive transportation to or from the harbor. Their equipment is carried on the books at a valuation of \$56,816.94 and includes, in addition to rolling stock, a warehouse, repair shop and a body building works. Due to the unauthorized transfer by an individual to a copartnership, this applicant can not claim the right to operate under Section 5 of Chapter 213, Statutes of 1917, but it would appear clearly from the evidence introduced in this proceeding that the concern itself, though changed from an individual to a copartnership, has been in continuous operation on a large scale for a considerable period of time; and the steady growth of the business and the number of regular customers served would tend to show, as was testified to by witnesses, that the service has been of a very satisfactory nature and has been meeting a public convenience and necessity in this operation. This applicant proposes to charge rates identical with the schedule made effective for other large transportation companies at present authorized to transport property for compensation between Los Angeles and the harbor district.

Application No. 9627. Butler & Grundy, copartners, doing business under the fictitious name of Pacific Transportation Company. Evidence was introduced to the effect that this concern has been in continuous operation between Los Angeles and the harbor for a period of 10½ years, although under different owners; that it has some \$35,000 in equipment, all of which is clear with the exception of a small payment yet due in the sum of \$216. Further, that it has about 62 standing orders with business houses in the city of Los Angeles. At the hearing, this application was amended as regards rates to provide for a schedule identical with the rates of some eight other authorized transportation companies engaged in similar business. Applicant called several witnesses connected with business houses with which it has been doing business, such witnesses testifying in effect that the service of applicant, which they had been using for a considerable period of time last past, was of a very satisfactory nature. It appears that this concern was operating between Los Angeles and the harbor district prior to

May 1, 1917, the effective date of the Auto Stage and Truck Transportation Act, although the ownership has been changed subsequent thereto: further, that no authorization from this Commission for a change in ownership had been obtained, and accordingly the Commission can not entertain at this time an application for a right to operate under the provision of Section 5 of Chapter 213, Statutes of 1917, as amended, other than to consider such facts as tending to show a continuity of operation over a considerable period of time and, further, that as evidenced by the growth of the business this applicant has been rendering a satisfactory service and meeting a public necessity in its operation.

Application No. 9770. S. H. Thomas and C. A. Thomas, doing business under the fictitious name of Thomas and Son Transfer Company. Evidence was introduced to the effect that applicants have been engaged in the transportation business in Terminal Island for a considerable period of time, hauling principally for industries located at East San Pedro and San Pedro and Wilmington, together with occasional trips to and from the city of Los Angeles proper. These applicants ask for a certificate to operate between Terminal Island, San Pedro and Wilmington and between Terminal Island and Los Angeles city proper, but do not desire to engage in competitive transportation business with carriers operating between Los Angeles, Wilmington and San Pedro. A number of witnesses engaged in business on Terminal Island testified on behalf of applicants, such evidence going principally to the necessity for a continuation of the satisfactory nature of the service heretofore rendered. These applicants own and operate 5 trucks and 2 trailers, together with horse-drawn vehicles required in local work on Terminal Island. They also maintain a warehouse and depot at Terminal Island and propose to charge a schedule of rates between the island and Los Angeles identical, in so far as possible, with existing rates of the Los Angeles and San Pedro Transportation Company operating between Los Angeles, Wilmington and San Pedro.

In addition to the verbal testimony of witnesses, these applicants also introduced a considerable number of written communications from business houses heretofore served by them, all of which highly recommend the service heretofore given and the necessity of its continuance.

Application No. 10080. Associated Transit Company, a corporation. Applicant operates at the present time a warehouse at Wilmington wherein it stores shipments of newsprint received from ships at Los Angeles harbor. This company then distributes such paper as required to the various newspapers located at Los Angeles, San Pedro, Long Beach, Venice, Santa Monica, Glendale, Pasadena, and Alhambra. It uses in such business some 3 trucks and 3 trailers of special construction suitable for the handling of heavy rolls of newsprint and has trained

employees for the handling of this specific commodity. It proposes to charge a uniform rate of \$2.50 per ton in lots of 5 tons to, but not including, 10 tons, and a uniform rate of \$2.00 per ton in lots of 10 tons, or over, to all points proposed to be served, service to be rendered upon call from the newspaper with which applicant is doing business. In support of this application, applicant called the managing superintendent of the newspaper syndicate who testified that in the past he has had considerable difficulty in securing prompt delivery of newsprint: that the papers have not sufficient storage space to carry in stock newsprint necessary for a period of time and are obliged to have prompt and immediate deliveries on call. This applicant, it would appear, is rendering an exceptional service, handling one commodity only, which is not offered by any existing transportation company.

Application No. 9496. D. H. Schiffman. Applicant testified in effect that he has at the present time some 12 trucks and 2 trailers: that he commenced operation between Los Angeles and the harbor district on or about May of 1922 and that at the present time he holds contracts with 5 paper houses in the city of Los Angeles, under which contracts he has been engaged in the transportation of paper products from the harbor district to Los Angeles, these particular commodities being handled at a flat rate of \$2.70 per ton. Applicant further testified that his equipment at present used and useful in the truck business has a value of \$35,000, of which there is outstanding at the present time an indebtedness of \$10,000, that he has never at any time in the past engaged in the transportation of general commodities between Los Angeles and the harbor district other than the transportation of paper stock for the 5 houses now under contract, that he does not desire to confine his service solely to these commodities, but desires to engage in the general transportation business. His amended schedule of rates as proposed is identical with the schedule of rates as proposed by certain other applicants and also a majority of the protestant truck lines, with the one exception that he quotes a lower rate for the transportation of paper stock, such rate being similar to that now charged by him, namely, 13 cents per hundred pounds. This applicant's paper transportation in the past, the evidence showed, has amounted to approximately 1200 tons per month. Applicant introduced evidence by witnesses from business houses in Los Angeles showing the satisfactory nature of his paper transportation business.

Application No. 9659. F. F. Balzer, doing business under the name of Diamond Transport and Storage Company. Applicant commenced trucking business between Los Angeles and the harbor about August 1921. He has at the present time some 5 trucks and 2 trailers available for harbor hauling and testified in effect that in the past he had been handling 150 to 200 tons per month. This tonnage consists principally

of the commodity handled for some 4 firms as set forth in applicant's petition. He testified in addition thereto that he had been hauling for a total of 15 firms and that his facilities at the present time are worth approximately \$15,000, with no indebtedness. This applicant proposes to charge rates approximately the same as the schedule of rates established for the harbor haul by other carriers. In addition to himself he called only one witness, an employee of the glass works for whom he has done hauling. This witness testified as to the satisfactory nature of his service heretofore rendered.

Application No. 10020. C. C. Cartwright, doing business under the fictitious name of C. C. Transfer and Garage. Applicant has been engaged in trucking for approximately 4 years. He operates 4 trucks suitable for harbor hauling and 4 trailers. He proposes to charge rates as set forth in Exhibit "A" attached to the application, which are identical in most respects with a schedule of rates prescribed for the larger transportation companies engaged in the same business. Applicant, however, further testified that he desires to reserve the right to haul upon a per hour basis when he found it more suitable. Four witnesses were called on behalf of this applicant, various witnesses being engaged in the manufacture of talc. One witness testified that this applicant had been rendering a satisfactory service at \$1.61 per ton when trucks were loaded, or \$2.15 per ton when not loaded by shipper, and if such rates were increased he would ship by rail and not use the truck service. The other three witnesses testified that the service of applicant had been satisfactory, but what they principally desired was a satisfactory service at a reasonable rate. Applicant proposes in his rate schedule to charge \$2.00 per ton on talc when loaded on trucks. In view of the testimony of the witnesses shipping talc by applicant that they would not pay in excess of \$1.61 per ton when loaded on this applicant's trucks, it would appear that applicant would not secure such business under the schedule as proposed. No showing was made as to why the rates should be increased above the rates heretofore charged by applicant, and a certificate will be granted upon that basis.

Application No. 9900. Scandia Truck and Transfer Company, Inc., a corporation. This applicant started hauling between Los Angeles proper and the harbor district about November, 1921, owns 7 trucks and 2 trailers, of which 3 trucks and 2 trailers are available for harbor business. In 1923 this company operated about 2 trucks daily to and from the harbor, but its business in 1924 dropped down to 1 or 2 trucks every other day, and the harbor business done in 1924 represents about 3 per cent of the total business of the company, which is largely a business on standing orders involving specific commodities. On motion of this applicant's counsel the evidence admitted into the record

from the Los Angeles Chamber of Commerce and by a representative of the county road department pertaining to the volume of truck traffic between Los Angeles and the harbor was made applicable to its application as to others in this proceeding. Upon this general evidence of public necessity, together with the record of its previous operations in hauling for established customers, this applicant rested its application.

Application No. 9988. Claude C. Cunningham and Ernest M. Akins, doing business under the fictitious name of A. B. C. Transportation System. These applicants are located within the Union Terminal Warehouse and operate at the present time about 6 trucks. Testimony was introduced to the effect that they handled during the last three months from 100 to 125 tons of freight to or from the harbor, which tonnage consists of approximately 5 per cent of its total business. Applicants propose daily operation and rates identical with the uniform tariff of rates filed by other authorized transportation companies. Evidence introduced on behalf of these applicants ran principally to the claim that inasmuch as their Los Angeles terminal was situated in the Union Terminal warehouse they are the sole transportation company which would have access to such building after closing hours and accordingly were in a position to handle rush shipments of business firms also located in the same terminal when such shipments were destined to arrive or to leave after closing hours, that this privilege was a material advantage to firms located in the same warehouse building who, on several occasions in the past, had rush shipments received after closing hours, and applicants were able to deliver the same, where other truck companies would have been unable to gain admittance and would have been obliged to await the opening of the warehouse the following day; and further that applicants serve the same firms in hauling their local business in Los Angeles.

Application No. 9584. T. J. Wade, doing business under the fictitious name of Wade Shipping Company. This applicant has been for some time engaged in the transportation of commodities between Los Angeles and the harbor. His method of operation, however, prior to this proceeding has differed entirely from that of any of the authorized carriers and from that of any of the other applicants in this proceeding. His operations were conducted under his designation as a traffic manager, having established contracts with a considerable number of business concerns to handle their transportation between the harbor district and Los Angeles. He owned no trucks nor terminals, but solicited and secured orders for the transportation of commodities at a specified and variable rate, and then secured truck operators to handle the hauling at a rate determined in the negotiations, and out of this method of operation, and without any investment of capital, this applicant derived a substantial profit.

In the course of the instant proceeding, however, this applicant purchased two trucks, making partial payment thereon, and entered into a lease with another truck owner, on terms in accordance with the provisions of General Order No. 67 of the Railroad Commission.

This applicant introduced testimony by 8 witnesses, representing business houses handling various lines of commodities, who testified to prompt and satisfactory service and rates as applied heretofore by Wade Shipping Company.

This applicant's rates are in general lower than those applied by some of the authorized carriers. In justification of these rates, the applicant submitted estimates of his operating costs based on a thirty day period of operation. While this estimate and the examination of its details represented the nearest attempt by any of the applicants or protestants to make an accurate analysis of the costs of this operation, the Commission is not satisfied that it is a correct estimate, especially as a number of factors were omitted from the calculation. Inasmuch, however, as no accurate basis for estimating the costs of this operation is before the Commission, partially due to the fact that operators have not heretofore segregated their accounts as between local city operation and harbor operation, the Commission is at this time unable to say that this applicant will be unable to operate profitably at the rates which he has offered, and we believe that the business community should have the benefit of the lowest reasonable rates offered.

There are some aspects of this application that have given the Commission serious thought, especially the fact that applicant owned no equipment at the time his application was filed, and showed a dilatory attitude in accepting and applying to his operations the rules and regulations of the Commission affecting the leasing of equipment, and further that he has now only a small capital investment and no terminal facilities in this operation; but the commission on the other hand is impressed with the testimony offered by a considerable number of witnesses from the business community of Los Angeles who testified to the satisfactory character of his service, and made a fair showing in support of the requirements of public convenience and necessity for the service of this applicant. Accordingly a certificate of public convenience and necessity will be granted to him, and in accordance therewith he will be required to file with the Commission each month for the period of one year copies of all leases entered into by him for the leasing of equipment, in addition to present general requirements of filing leases.

After carefully reviewing the evidence and exhibits and arguments of counsel in this proceeding, the Railroad Commission is primarily impressed with the particular and unusual conditions applying to the truck operations between the Los Angeles business district and the

harbor district, over which it is obliged under the law to hold jurisdiction, and in formulating its decision on the applications herein is influenced by the following broad considerations in addition to the particular evidence in support of each individual application, as showing wherein public convenience and necessity require the proposed operations:

1. While the physical operation of trucks between the Los Angeles central business district and the harbor district moves over a route which is partly outside the municipal boundaries of the city of Los Angeles, the terminals of this operation are both within the city limits of Los Angeles and the business involved at both ends is essentially an important unit of the growing business of this city.

2. Many of the business houses of Los Angeles find it desirable as a matter of efficiency and economy to use the services of the same operator in the handling of their harbor business as they use in their other general city business.

3. Some business houses require the use of special truck equipment and sometimes operators of special experience in handling their commodities.

4. Nearly all of the authorized carriers, as well as applicants, are engaged in the general trucking and transfer business in the central business district of Los Angeles, and secure the greater part of their revenue from that source, conducting their harbor business incidental to and as an integral part of their general city business.

5. Owing to the fact that neither protesting truck carriers nor applicants prior to this proceeding have segregated their accounts as between their general city hauling and their harbor operation, and that accordingly no reliable estimate of the operating costs of this operation is available for the purpose of determining the reasonableness of rates, it is necessary for the Commission at this time to accept the tariff schedules as offered, pending the securing of the necessary data from the segregated accounting of all authorized carriers, upon which at a later date an adjustment of rates may be made.

6. After due allowance is made for the reduced harbor traffic in 1924 as compared with 1923, the Commission is convinced that this is largely due to special retarding business conditions existing in the State and country generally in 1924; and that the inevitable growth of population in Los Angeles and southern California will bring with it a large increase in the traffic between Los Angeles proper and its harbor district. To meet this growing requirement the business community of Los Angeles should be afforded every reasonable facility for the prompt, efficient and economical handling of its commodities.

In accordance with these principles and with the evidence, exhibits and oral argument submitted at the hearings of these applications, the

Railroad Commission hereby finds as a fact that E. R. Ketchum, doing business under the name and style of Atlas Transfer, was operating in good faith automotive truck service for the transportation of property for compensation between Los Angeles city proper and Los Angeles harbor district at Wilmington and San Pedro prior to May 1, 1917, and continuously thereafter, and that as to said applicant no certificate of public convenience and necessity is required.

The Railroad Commission hereby further finds as a fact that public convenience and necessity require the operation by

Frank H. White and Fred A. White, doing business under the name of White Truck and Transfer Company,

O. C. Butler and Harold A. Grundy, copartners, doing business under the fictitious name of Pacific Transportation Company,

D. H. Schiffman,

F. F. Balzer, doing business under the name and style of Diamond Transport and Storage Company,

C. C. Cartwright, doing business under the fictitious name of C. C. Transfer & Garage Co.,

Scandia Truck and Transfer Company, Inc., a corporation,

Claude C. Cunningham and Ernest M. Akins, copartners, doing business under the fictitious name of A B. C. Transportation System, and

T. J. Wade, doing business under the fictitious name of Wade Shipping Company

of automotive truck service for the transportation of property for compensation between the city of Los Angeles proper and steamship wharves located at Los Angeles harbor, namely, Wilmington and San Pedro.

The Railroad Commission hereby further finds as a fact that public convenience and necessity require the operation by S. H. Thomas and C. A. Thomas, copartners, doing business under the name and style of Thomas and Son Transfer Company, of an automotive truck line for the transportation of property for compensation between Los Angeles city proper and East San Pedro or Terminal Island, and between East San Pedro or Terminal Island on the one hand and San Pedro and Wilmington on the other.

The Railroad Commission hereby further finds as a fact that public convenience and necessity require the operation by Associated Transit Company, a corporation, of automotive truck service for the transportation solely of newsprint paper stock in rolls between steamship wharves located at Wilmington and San Pedro and the city of Los Angeles proper, also the cities of San Pedro, Long Beach, Venice,



Santa Monica, Glendale, Pasadena and Alhambra, and an order will be rendered accordingly.

**ORDER.**

Public hearings having been held in the above entitled applications, evidence and exhibits introduced and oral argument received, the Commission being fully advised and basing its order upon the opinion preceding this order and the findings of fact therein contained,

The Railroad Commission hereby declares that public convenience and necessity require the operation by

- Frank H. White and Fred A. White, doing business under the name of White Truck and Transfer Co.,
- O. C. Butler and Harold A. Grundy, copartners, doing business under the fictitious name of Pacific Transportation Company,
- D. H. Schiffman,
- F. F. Balzer, doing business under the name and style of Diamond Transport and Storage Company,
- C. C. Cartwright, doing business under the fictitious name of C. C. Transfer & Garage company,
- Seandia Truck and Transfer Company, Inc., a corporation,
- Claude C. Cunningham and Ernest M. Akins, copartners, doing business under the fictitious name of A. B. C. Transportation System, and
- T. J. Wade, doing business under the fictitious name of Wade Shipping Company

of automotive truck service as a common carrier of property for compensation between the city of Los Angeles proper and steamship wharves and docks located at Los Angeles harbor, namely, Wilmington and San Pedro.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by S. H. Thomas and C. A. Thomas, copartners, doing business under the name and style of Thomas and Son Transfer Company, of automotive truck service as a common carrier of property for compensation between the city of Los Angeles proper and East San Pedro or Terminal Island, and between East San Pedro or Terminal Island and San Pedro and Wilmington.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Associated Transit Company, a corporation, of automotive truck service as a common carrier solely of newsprint paper stock in rolls between steamship wharves located at Los Angeles harbor, namely, Wilmington and San Pedro, and the city of Los Angeles proper, and also between steamship wharves located at Los Angeles harbor, namely, Wilmington

and San Pedro, and the cities of San Pedro, Long Beach, Venice, Santa Monica, Glendale, Pasadena and Alhambra, and

*It is hereby ordered*, that certificates of public convenience and necessity as hereinabove set forth be and the same are hereby granted, subject to the following conditions:

1. Applicants shall file their written acceptance of the certificates herein granted within a period not to exceed fifteen (15) days from the date hereof.

2. Applicants shall file, within a period not to exceed thirty (30) days from date hereof, duplicate tariff of rates as set forth in their respective applications, or as amended, the Commission reserving the right to require revision or amendment of such respective tariffs in so far as inconsistencies may appear therein due to amendments made during the course of these proceedings.

3. Applicants shall commence operation under the certificates herein granted within a period not to exceed fifty (50) days from date hereof, unless such time is formally extended by supplemental order herein.

4. In accordance with the provisions as set forth in the opinion preceeding this order, applicant T. J. Wade, doing business under the fictitious name of Wade Shipping Company, shall file with the Railroad Commission each month for the period of one year from date of commencement of operation under the certificate herein granted, copies of all leases entered into by him for the leasing of equipment used in operations conducted under the certificate herein granted, in addition to the general requirements of the Commission, as to leases.

5. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission has first been secured.

6. No vehicle may be operated by applicants herein in said service unless such vehicle is owned by them or leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

For all other purposes the effective date of this decision shall be twenty (20) days from date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

## DECISION No. 14405.

IN THE MATTER OF THE PRACTICE OF ELECTRIC UTILITIES AS TO  
EXTENSIONS FOR SERVICE, ON THE COMMISSION'S OWN  
MOTION.

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Case No. 1366

Decided December 27, 1924.

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MARTIN, *Commissioner*.

**OPINION.**

As a result of numerous complaints from applicants for electric service, the Railroad Commission by order dated August 29, 1919, instituted an investigation upon its own motion into the practices of the important electric utilities in the State in the making of line extensions to serve prospective consumers. These utilities were ordered to show cause why certain rules should not be placed in effect by order of the Commission. At and subsequent to the hearing, a considerable amount of data was submitted, and as a result rules have been made effective on the important systems which are similar to but not identical with those proposed in the order to show cause. These rules were worked out to conform to the local conditions existing upon the several systems and were filed by the companies voluntarily without formal order of the Commission. The objects of the investigation having been attained, the proceeding may be dismissed without further formal action.

**ORDER.**

The Railroad Commission having on August 29, 1919, instituted the above entitled investigation into the practices of certain electric utilities in the making of line extensions to serve prospective users of electricity, the objects of the investigation having been attained, and other good cause appearing;

*It is hereby ordered*, that the above entitled investigation on the Commission's own motion be and the same is dismissed.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 27th day of December, 1924.

## DECISION No. 14406.

IN THE MATTER OF THE APPLICATION OF SAN JOAQUIN LIGHT AND POWER CORPORATION, FOR THE APPROVAL OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA OF A CERTAIN CONTRACT PROPOSED TO BE ENTERED INTO BETWEEN SAID CORPORATION AND TURLOCK IRRIGATION DISTRICT.

Application No. 9882.  
Decided December 27, 1924.

*Murray Bourne*, for Applicant.

*P. H. Griffin*, for Turlock Irrigation District.

*J. J. Deuell*, for California Farm Bureau Federation.

*E. B. Whittmore*, for Board of Supervisors of Stanislaus County.

*R. Lovick*, in *propria persona*.

MARTIN and WHITTLESEY, Commissioners.

## OPINION.

San Joaquin Light and Power Corporation seeks the approval of a contract entered into between it and Turlock Irrigation District.

The Turlock Irrigation District owns approximately a two-thirds interest in works for the storing and diverting for irrigation purposes of the waters of the Tuolumne River, which includes a hydro-electric plant with a present installed capacity of 15,000 kilowatts. A portion of the district's share of the electrical output of this plant is distributed over lines which the district owns and operates, and under the contract now submitted for approval the power company will purchase the unused surplus of the district's share of the plant output. The power company operates a system of transmission and distribution lines covering the greater part of the San Joaquin Valley, and as of December 31, 1923, generates electricity in 14 plants, with a total installed capacity of 140,650 kilovolt amperes.

The contract presented for the approval of the Railroad Commission provides that, subject to certain specified limitations, the company will take the district's surplus energy at a monthly load factor between 80 and 100 per cent, and will pay therefor at the rate of  $4\frac{1}{2}$  mills per kilowatt hour. Under the terms of the contract, the Company constructs the entire transmission line necessary to connect its Livingston substation with the substation of the district; but that portion of this line within the district boundaries is to be owned by the district and the cost of it is to be applied as a credit against the bills for power. Energy is to be metered at 66,000 volts at the Company's Livingston substation. The contract contains further provisions covering the division of power during years of low water and the usual provisions regarding liability, meter, error, etc. Its term is for 15 years, with the option of renewal by the district for an additional period of 15 years.

A public hearing was held in Turlock on October 6, 1924, at which representatives of the power company and the irrigation district submitted evidence regarding the effect of the contract upon their operations. The only objection to its approval was voiced by Mr. Robert Lovick, a consumer of the power company, whose protest goes to the general basis of the rate for energy rather than to the effect of this particular contract upon either the company or the district.

The rate provided in this contract is clearly based upon the cost to the company of developing electricity in its own plants rather than on the cost to the district of developing energy as a by-product in connection with the storage and diversion of water for irrigation purposes. Mr. Lovick argued that, as the rate is based upon the cost of energy from an exclusively electrical plant and as the district is developing the energy as a by-product, the district will receive a profit on the sale of electricity; that the consumers of the power company will, indirectly, pay part of the cost of the water and electricity which the taxpayers of the district provide for themselves, and that in a sense the agricultural power consumers of the company will subsidize their competitors in the irrigation district.

This contention is worthy of thought; but the irrigation district is not a public utility, and the Railroad Commission can not regulate or control the rate at which it sells energy to the power company. The Railroad Commission may refuse to approve the contract as submitted, but it cannot require the district to sell its energy at a lower price than that to which it voluntarily agrees. The energy which the power company will purchase from the district will cost no more than equivalent energy produced in its own plants. The power company and all of its consumers benefit indirectly by the growth of the San Joaquin Valley to which the prosperity of the district contributes. During the past season of subnormal hydro-electric output throughout the State, the energy produced by the irrigation district has been of considerable benefit to the power company and its consumers, and it does not appear that the question of principle raised by Mr. Lovick should be urged to the point that would prevent the utilization of the energy available in the district's power house.

We, therefore, recommend that the contract be approved and submit the following form of order:

#### ORDER.

San Joaquin Light and Power Corporation having applied to the Railroad Commission for the approval of a contract with Turlock Irrigation District, a public hearing having been held and the Railroad Commission being of the opinion that said contract is in the public interest and should be approved;

*It is hereby ordered*, that the contract dated March 11, 1924, between San Joaquin Light and Power Corporation and Turlock Irrigation District, a copy of which it attached to the application in this matter and identified as Exhibit "A" thereof, be and the same is hereby approved.

Dated at San Francisco, California, this 27th day of December, 1924.

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DECISION No. 14407.

IN THE MATTER OF THE APPLICATION OF JOSEPH MILLER FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE PASSENGER AND EXPRESS SERVICE BETWEEN VISALIA AND SAN JOSE.

Application No. 9889.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, JOINT AGENT, FOR AN ORDER GRANTING PERMISSION TO PUBLISH AND FILE TARIFF CONTAINING THROUGH JOINT PASSENGER FARES AND FOR PERMISSION TO SELL THROUGH TICKETS BETWEEN BELL STATION, SAN LUIS RANCH, LOS BANOS AND FRESNO, SERVED BY PACHECO STAGES, ON THE ONE HAND, AND POINTS SERVED BY HIGHWAY STAGE LINE AND PICKWICK STAGES, N. D., INC., SAN FRANCISCO TO SAN LUIS OBISPO, INCLUSIVE, VIA SAN JUAN, HOLLISTER OR GILROY, ON THE OTHER HAND, SUCH THROUGH FARES TO BE BASED ON FULL COMBINATION OF LOCAL FARES.

Application No. 10311.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, AS AGENT FOR THE PICKWICK STAGES, N. D., INC., FOR AN ORDER GRANTING PERMISSION TO PUBLISH AND FILE A SUPPLEMENT TO ITS LOCAL PASSENGER TARIFF SHOWING INTERDIVISION FARES BETWEEN POINTS ON ITS MAIN LINE, SAN FRANCISCO TO KING CITY INCLUSIVE, AND BELL STATION, SAN LUIS RANCHO, LOS BANOS, AND FRESNO, ON PACHECO DIVISION, BASED ON COMBINATION OF LOCAL FARES.

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Application No. 10488.

Decided December 27, 1924.

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*Earl A. Bagby*, for Applicant in Application No. 9889, and Protestant.  
*Warren E. Libby*, for Applicants in Applications Nos. 10311 and 10488, and Protestants.  
*J. E. McCurdy*, for Peninsula Rapid Transit Company and Auto Transit Company, Protestants.  
*A. S. Weston* and *Ed Stern*, for American Railway Express Company, Protestant.  
*E. T. Lucey*, for Atchison, Topeka and Santa Fe Railway Company, Protestant.  
*H. H. Goharty* and *W. T. Plummer*, for Southern Pacific Company, Protestant.  
*E. G. Shoup*, for Peninsula Railway Company, Protestant.  
*W. E. Simpson*, for Valley Transit Company and California Transit Company, Protestants.  
*T. L. Stanley*, for Modesto Chamber of Commerce.  
*A. R. Linn*, for Merced and Hanford Chamber of Commerce.  
*G. E. Leonard*, for Fresno Chamber of Commerce

MARTIN, *Commissioner*.

**OPINION.**

The above entitled applications were heard at Fresno on November 18 and 19, 1924, where by stipulation they were consolidated for hearing and decision, evidence was introduced, exhibits filed and the matters were submitted on briefs. Briefs have now been filed and the applications are ready for decision.

Application No. 9889 is an application by Joseph Miller, an individual, in which he petitions for an order of the Commission granting him a blanket certificate covering the operative rights now held by him including the right to operate automotive stage service between Visalia, Hanford and Fresno and between Fresno, Firebaugh, Dos Palos, Los Banos, Tracy and Los Banos and Merced; also for an extension of such consolidated service from Los Banos over Pacheco Pass to Gilroy and San Jose.

Application No. 10311 is an application filed by Lewis A. Monroe as joint agent for Pacheco Stages, operated by Blabon and Cleveland, copartners, Highway Stage Line operated by Ralph L. and Marguerite Hopple, copartners, and Pickwick Stages, N. D., a corporation, for the establishment of joint rates over their connecting lines, Pacheco Stages from Fresno, Los Banos to Gilroy, San Juan, and Hollister; Highway Stages, San Jose and Gilroy; Pickwick Stages, San Francisco to San Luis Obispo and intermediate points on the Coast route.

Subsequent to the filing of Application No. 10311 and prior to the hearing, Pickwick Stages, N. D., Inc., took over the operative right of the Pacheco Stages, operated by Blabon and Cleveland, copartners, which eliminated such applicants as parties hereto.

In accordance therewith, Application No. 10488 was filed by Lewis A. Monroe, as agent for the Pickwick Stages, N. D., a corporation, in which he applied for an order authorizing the establishment of through rates between the coast lines of the Pickwick Stages and points served by the Pacheco Stages heretofore operated by Blabon and Cleveland.

We will first consider the application of Joseph Miller for a blanket certificate and an extension thereof from Los Banos to Gilroy and San Jose. At the present time applicant, Miller, holds an operative right between Visalia, Hanford and Lemoore, secured under Decision No. 6085, dated January 28, 1919; an operative right between Hanford and Fresno secured by transfer from the Valley Transit Company under Decision No. 13692, dated June 12, 1924; applicant, Miller, also owns and operates under the following certificates secured by transfer from one D. Moyer under Decision No. 13282 dated March 9, 1924:

Los Banos to Dos Palos; Decision No. 7249, Dos Palos and Firebaugh, Decision No. 8017; Firebaugh to Fresno, Decision No.

8017; Los Banos to Tracy, Decision No. 8018, and Los Banos to Merced, Decision No. 9970.

Applicant called a number of witnesses who testified in support of the necessity which he claimed existed for the establishment of through service over existing certificates and a through service covering existing points served and the extension proposed to San Jose. Such evidence, however, was far from being conclusive that a public necessity existed for the extension of applicant Miller's operative right to and including San Jose, as most of the witnesses called had no definite knowledge of even the existing service over the Pacheco Pass heretofore rendered by Blabon and Cleveland from Fresno and Los Banos to Gilroy, Hollister and San Juan, where connections are made with the Highway Stages and the Pickwick Stages, N. D. In fact, a number of witnesses testified that they had never been over the route, did not know that such service had been in existence for several years last past and that if the line proposed by applicant were established they would not be patrons. The tendency of the major portion of such evidence was to the effect that the more service rendered the more convenient it would be to any one desiring transportation between the points proposed to be served.

Protestants called several witnesses who had availed themselves of the existing service over the Pacheco Pass and they testified as to the excellent connections made at transfer points. There is at the present time one round trip per day being operated which requires a transfer at Gilroy to either the Highway Stages operated from Gilroy to San Jose or the Pickwick Stages operating over the Coast route, San Francisco to Los Angeles, and the transfer is required at what is known as Bell Station, the Pacheco Stage's Gilroy service not permitting operation through to Fresno.

There is no necessity at this time to review in detail the evidence introduced through a number of witnesses called by applicant herein in support of a proposed extension to San Jose, inasmuch as a considerable number of such witnesses were entirely unfamiliar with the existing service and also the service proposed by applicant herein. The service proposed by applicant would parallel an existing stage service which the evidence shows is at this time very sparingly patronized; in fact, the stages are operated during the heaviest season of the year at not to exceed one-half to one-third of their seating capacity.

As regards the express service proposed by applicant, only one witness testified as to the necessity for such service, this witness being engaged in operating disinfectant apparatus in bean fields in the Fresno territory. He stated that when such apparatus broke down he was required to secure parts from San Jose and that on several



occasions had experienced delays when such parts were shipped by existing means of transportation. No other evidence was introduced as to the necessity for the establishment of express service to San Jose over the Pacheco Pass to Los Banos and Fresno.

With reference to the issuance of a blanket certificate covering the existing operative rights of applicant, Miller, regarding Tracy, Merced, Los Banos, Fresno, Hanford and Visalia and intermediate points, it might be well to state at this time that subsequent to the hearing on these proceedings applicant, Miller, filed a joint application with the California Transit Company in which he asks for an order of the Commission authorizing the transfer of his operative rights north of Fresno to the California Transit Company, he to retain his rights south of Fresno to Hanford and Visalia. Inasmuch as it would appear that applicant, Miller, does not desire to retain his rights north of Fresno, it will be unnecessary to consider the granting of a blanket franchise between his lines south of Fresno and those north of Fresno.

Little evidence was introduced as to the necessity for through service between points served by applicant, Miller, under the certificates which he now holds covering service Fresno to Tracy and Merced. We believe, however, that the interest of the traveling public in this territory will be better served through the establishment of a unified service and through rates in this territory, the same to apply to the territory as at present served by applicant, Miller, south of Fresno. The granting of this portion of the application would in no way change the service as now being rendered, this part of the application being made in accordance with the provisions of the Commission's order in the Western Motor Transport Case, which order held that the holder of two or more separate certificates could not operate through service or establish through rates unless he had first secured a new certificate authorizing such through service.

It appears from the testimony of applicant, Miller, that during the summer of 1923 he took over without authority an operative right under a certificate heretofore granted to one S. F. B. Morse, authorizing the operation of auto stage service between Merced, Del Monte, Pacific Grove and Monterey. No authority from the Railroad Commission was ever asked for, nor obtained, authorizing Miller to operate this service, although he testified that he had a private agreement with Mr. Morse under which he operated his own cars on this route, taking all receipts and paying all expenses, the agreement providing for the privilege to transfer at some future time the operative right from Morse to Miller. Furthermore, Miller, in the operation of the Morse service, transported passengers locally between Merced and Los Banos on Merced-Monterey stages, thereby in effect abandoning his own operative right locally between Merced and Los Banos, therefore, the

granting of a blanket certificate covering the operative rights of Miller north of Fresno will be with the reservation that the Commission reserves the right to call into question the matter of revoking or annulling the operative right of Miller between Merced and Los Banos, if it is shown at the required public hearing that such right was abandoned by applicant, Miller, or operated in an unlawful manner in connection with the operation of the Merced-Monterey service.

Application No. 10311 of Lewis A. Monroe as joint agent for the applicants Blabon and Cleveland, parties whose stage line is now under lease, with option to purchase, to the Pickwick Stages, need not be considered herein because the establishment of through rates on this line is before the Commission under Application No. 10488 hereunder consideration. This application should be dismissed.

Application No. 10488 is an application by Lewis A. Monroe, as joint agent for the Pickwick Stages, N. D., Inc., requesting an order authorizing the establishment of interdivision fares between the lines of the Pickwick Stages, N. D., Inc., a corporation, as regards their Coast route and Pacheco Stage line, which they have obtained under lease. Such through fares are based on full combination of present local fares over division points and the establishment of such rates would, accordingly, in no way effect the physical operations of present existing stage service, but would only act as a convenience for the traveling public in enabling them to purchase at one time a ticket carrying them over a junction point. The points covered by the proposed through rates are Fresno, Los Banos, San Luis Rancho and Bell Station, on what is known as the Pacheco Stages, and points on the Coast Division of the Pickwick Stages, N. D., Inc., San Francisco to King City and intermediate points, inclusive.

In this connection it is necessary to review the manner of operation heretofore indulged in by the Pacheco Stages. This line was originally granted a certificate to operate automotive stage service from Fresno to Santa Cruz under Decision No. 7648, dated May 27, 1920. This certificate contained certain restrictions as regards local service in territory at the time served by other stage operators. Under Decision No. 7219, on January 30, 1922, an additional certificate was granted authorizing the operation of auto stage service between Los Banos and Gilroy. During the winter of 1923, the Pacheco Stages applied for and obtained permission to transfer passengers at Bell Station, setting forth as justification the fact that the two stages, one from Santa Cruz via Hollister and the one from Gilroy, met at Bell Station and proceeded over the Pacheco Pass route to Los Banos, at practically identical times; that during the winter months there were never more than one or two passengers on both stages and in no way could two stages be operated economically between Bell Station and Los Banos

for such a small number of passengers. Upon this request the Commission granted permission to transfer passengers at Bell Station. A similar permission was granted for the winter of 1924. The Pacheco Stages at the present time operate out of Santa Cruz, through Hollister to Los Banos and Fresno, Gilroy passengers being transferred at Bell Station. This method of operation was questioned by counsel for applicant, Miller, who claimed that the Pacheco Stages had no right to carry passengers originating on its Gilroy line beyond Los Banos by transferring them to the Santa Cruz-Fresno Stage at Bell Station, particularly in view of the fact that the original certificate established under Decision No. 7648 did not specifically mention Bell Station as an intermediate point. Applicant Pickwick Stages, N. D., Inc., contended that at the time that such certificate was granted, namely, May 27, 1920, Bell Station did not exist and accordingly would not be named in the tariff, but that when a store and filling station was established at such point they quoted a rate thereto so that passengers originating at or destined to Bell Station would not be required to pay the established fare to the next more distant point, which would have been the case under its tariff provision if no individual rate was quoted to Bell Station. It does not appear logical or reasonable to require a stage company holding a certificate between two points, which specifically states "and intermediate points," to require a passenger to pay the full fare between quoted tariff points when business has developed to a new intermediate point, to which a rate is not quoted, to such an extent that it would warrant such stage line in adding the new point to its tariff, that is, provided that the certificate in itself contains no restrictions as to such specific territory.

It appearing that the granting of Application No. 10488 will be in the interest of the public service, an order will be entered accordingly.

#### ORDER.

Public hearings having been held in the above entitled applications, evidence and exhibits submitted, briefs having been filed and the Commission being fully advised.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Joseph Miller of automotive stage service as a common carrier of passengers and express between Fresno, Mendota, Firebaugh, Oxalis, Dos Palos, Los Banos, Volta, Gustine, Newman, Crows Landing, Patterson, Westley, Vernalis, Tracy and Merced via Los Banos and intermediate points, and

*It is hereby ordered*, that a certificate of public convenience and necessity be and the same hereby is granted, subject to the conditions as hereinafter set forth.

The Railroad Commission of the State of California hereby further declares that public convenience and necessity require the operation by Joseph Miller of an automotive stage line between Visalia, Plaza, Cross Creek, Hanford, Armona, Lemoore, Lucerne, Loyalton, Wildflower, Fowler and Fresno, but not locally between Fresno and Fowler, inclusive, for the common carriage of passengers and express matter, and

*It is hereby ordered*, that a certificate of public convenience and necessity be and the same hereby is granted subject to conditions as hereinafter set forth.

1. Express matter to be carried under the certificate herein granted is limited to shipments not to exceed seventy-five (75) pounds each in weight.

2. Certificates hereinabove granted are in lieu of and not in addition to the existing certificates held by Joseph Miller between points hereinabove mentioned.

3. Applicant shall file within a period of not to exceed ten (10) days from date hereof his written acceptance of the certificates herein granted, which written acceptance shall set forth that he accepts such certificates in lieu of and not in addition to all existing operative rights at the present time held by him; and shall file in duplicate tariff of rates and time schedules set forth in the exhibit attached to his application herein in so far as such exhibit quotes rates and time schedules of service between points authorized to be served in the certificates herein granted; service to commence within a period of not to exceed thirty (30) days from date hereof.

*It is hereby further ordered*, that in all other respects Application No. 9889 be and the same hereby is denied.

*It is hereby further ordered*, that Application No. 10311 be and the same hereby is dismissed.

*It is hereby further ordered*, that Application No. 10488 be and the same hereby is granted, subject to the following conditions:

Applicants shall file tariff of rates as set forth in Exhibit A attached to the application herein within a period of not to exceed fifteen (15) days from date hereof, said rates to become effective within a period of not to exceed thirty days from date hereof.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date thereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

## DECISION No. 14408.

IN THE MATTER OF THE APPLICATION OF FRESNO TRACTION COMPANY FOR (a) AUTHORITY TO ABANDON CERTAIN STREET RAILWAY FRANCHISES IN FRESNO; (b) FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE EXERCISE OF RESETTLEMENT FRANCHISES; AND (c) TO EXECUTE TO UNION TRUST COMPANY OF SAN FRANCISCO, AS TRUSTEE, A SUPPLEMENTARY MORTGAGE COVERING SUCH RESETTLEMENT FRANCHISE RIGHTS.

Application No. 7705.

Decided December 27, 1924.

*Frank Karr, O. L. Everts and E. J. Foulds, for Applicant.*

*H. M. Johnston, City Attorney, and Geo. W. Jones, Deputy City Attorney, for the City of Fresno.*

MARTIN, *Commissioner.*

## FIRST SUPPLEMENTAL OPINION.

Pursuant to the desire of both the city of Fresno and Fresno Traction Company to have the Commission make a valuation of the properties of the applicant in this proceeding in order to establish a sum on which earnings should be calculated in order to carry out the intent of section 12 of the resettlement franchise authority for the exercise of which was granted by Decision No. 10401, dated May 3, 1922, in this proceeding, a further hearing was held in San Francisco on August 1, 1923, at which the engineering department of the Commission filed a report on the valuation of properties of Fresno Traction Company and Fresno City Railway Company. This valuation report has been designated as this Commission's Exhibit No. 1.

This report covers a historical valuation made of the consolidated properties of the Fresno Traction Company and Fresno City Railway Company which are in reality administered and operated as a single property. The totals of this valuation are given as follows:

Class of property.	Historical reproduction cost	Per cent of total operating property
Operative property—		
Within city of Fresno:		
Specifically located .....	\$976,350	
General property apportioned .....	226,323	
Total .....	\$1,202,673	79.79
Without city of Fresno:		
Specifically located .....	\$283,422	
General property apportioned .....	21,225	
Total .....	\$304,647	20.21
Total system, operative .....	\$1,507,320	100.00
Nonoperative property—		
Within city of Fresno .....	\$37,191	
Without city of Fresno .....	135,255	
Total system, nonoperative .....	\$172,446	

At this hearing also the engineering department presented a report on service, operation and financial conditions of the Fresno Traction Company. Neither the city nor the company raised any question as to the details in either of these reports. The company, however, did file a statement of exceptions which indicate certain amounts which the applicant contended should be included in the valuation. These exceptions or additional claims are summarized as follows:

(1) Material and supplies on hand-----	\$96,347 00
(2) Right of way on Wishon Avenue-----	11,619 00
(3) Working capital -----	17,431 17
(4) Development expense -----	414,332 18
Total -----	\$509,729 35

Aside from these exceptions Fresno Traction Company indicated that it considered the report of the engineering department as substantially correct as a historical valuation of the properties as of June 30, 1922, but also indicated that it was its position that the historical cost of the property was not the proper value to be considered as a "rate base." The determination of a rate base and of a reasonable rate of return are inseparable in connection with any proceeding and for practical purposes one of these elements should be as definitely fixed as possible. The Commission has in general found that the use of the reasonable historical cost undepreciated of a utility property such as the one in question, as the rate base on which to calculate a return is, as a practical matter, fair to both the utility and to the public. There appears to be no reason in this case why this method should not be followed.

Although no amount was included in the above totals of the historical reproduction cost of these properties to cover the item of material and supplies on hand the following statement is found on page 28 of the Commission's Exhibit No. 1:

Material and supplies on hand were not included in the valuation. The latest inventory as of November 30, 1921, shows \$43,258.08 invested, which was close to the average inventory for the last five years.

In fixing a valuation figure for the property of applicant, it would appear proper to include a reasonable amount for the item of materials and supplies and the amount of \$43,000 which was the approximate average inventory of this item for the last five years would seem to be such a reasonable amount. It would also appear proper that this \$43,000 item should be divided as between value of the property in the city of Fresno and without the city of Fresno in the same proportion as the total valuation figures are divided between that portion of the property within the city of Fresno and that portion without the city of Fresno, or, as has been indicated above, approximately eighty per cent within the city and twenty per cent without the city.

Applicant contends that title to the strip of right of way 22 feet in width extending from Olive avenue to McKinley avenue along the center of Wishon avenue is vested in it, and that the reasonable value of said right of way as of June 30, 1922, was \$11,619. It appears that Wishon avenue is a dedicated street, and that the public has and enjoys the use of the full width of Wishon avenue for ordinary street purposes, and that the street railroad's present occupancy is of substantially the same nature as it would be, did it hold a permanent franchise exempt from special restrictions. It also appears that the permanent right to occupy this street north of Olive avenue was obtained by the company without cost, and that it is not proper, therefore, to include any item for the value of this right in this valuation.

The matter of including items for working capital and development cost of a street railway property for the purpose of establishing a "rate base" is not in accordance with the well established policies of this Commission and these items will, therefore, not be included in this valuation. It therefore appears that the value of this property, as of June 30, 1922, corresponding to that amount termed "capital value" in the resettlement franchise under which the Fresno Traction Company is now operating, should be as follows:

	System total	Within city of Fresno only
Historical reproduction cost as of June 30, 1922 (historical) -----	\$1,507,320 00	\$1,202,673 00
Allowance for materials and supplies -----	43,000 00	34,000 00
Totals as of June 30, 1922 -----	\$1,550,320 00	\$1,237,073 00

#### FIRST SUPPLEMENTAL ORDER.

Fresno Traction Company and city of Fresno having requested this Commission to establish a sum on which earnings should be calculated in order to carry out the intent of section 12 of the resettlement franchise, authority for the exercise of which was granted by Decision No. 10401, valuation of the property having been made and submitted in evidence in this proceeding, a public hearing having been held, the Commission being apprised of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that the sum on which earnings are to be calculated in order to carry out the intent of section 12 of the resettlement franchise, authority for the exercise of which was granted by Decision No. 10401, dated May 3, 1922, in this proceeding, is hereby fixed as of June 30, 1922, as follows:

Property within the city of Fresno -----	\$1,237,073 00
Property outside of the city of Fresno -----	313,247 00
Total property of Fresno Traction Company -----	\$1,550,320 00

The effective date of this order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

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DECISION No. 14469.

IN THE MATTER OF THE APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION, FOR AN ORDER OF THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA AUTHORIZING APPLICANT TO REIMBURSE ITS TREASURY FOR CAPITAL EXPENDITURES AND TO FINANCE THE CONSTRUCTION OF ADDITIONS, EXTENSIONS, BETTERMENTS AND IMPROVEMENTS. IN THE MANNER SET FORTH HEREIN.

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Application No. 10682.

Decided December 27, 1924.

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*C. P. Cutten*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this proceeding the Railroad Commission is asked to make an order authorizing applicant, Pacific Gas and Electric Company, to use proceeds obtained, or to be obtained, from the sale of stock or bonds, the issue of which the Commission has heretofore authorized, to pay, in part, the cost of construction expenditures on its system and on that of Mt. Shasta Power Corporation, a company whose outstanding stock, except shares necessary to qualify directors, is held by applicant.

In Application No. 9545, filed with the Commission on November 23, 1923, Pacific Gas and Electric Company reported unreimbursed capital expenditures of the two companies as of September 30, 1923, of \$7,262,793.42. This present application shows that during the period from October 1, 1923, to September 30, 1924, there was expended for the construction, completion, extension and improvement of applicant's facilities the sum of \$23,433,481.75 and for like purposes for Mt. Shasta Power Corporation, the sum of \$6,576,234.66, as shown in detail in construction statements filed monthly with the Commission. The sum of these three items is \$37,272,509.83.

During the same period, from October 1, 1923, to September 30, 1924, applicant reports that it received from the sale of stock and bonds heretofore authorized by the Commission and from the sale of property released from the lien of its mortgages, the sum of \$27,630,524.31 which amount was used to finance in part the expenditures of \$37,272,509.83 leaving a balance of unreimbursed capital expenditures on September 30, 1924, of \$9,641,985.52.



The company now asks permission to use proceeds from the sale of stock and bonds to reimburse its treasury on account of the expenditures of \$9,641,985.52 and to finance the cost of estimated expenditures, as shown in the following tabulation:

Unreimbursed capital expenditures at September 30, 1924, of Pacific Gas and Electric Company and Mt. Shasta Power Corporation (Exhibit B) .....	\$9,641,985 52
Unexpended balance of capital expenditures authorized at September 30, 1924, by Pacific Gas and Electric Company (Exhibit C and C-1) .....	10,448,701 84
Estimated cost of new construction Pacific Gas and Electric Company for 1923 and 1924 (Exhibit D) .....	6,000,000 00
Unexpended balance of capital expenditures authorized at September 30, 1924, by Mt. Shasta Power Corporation (Exhibit E) .....	7,461,630 27
Total .....	\$33,552,317 63

To meet these expenditures the company asks permission to use proceeds that it reports it has received, or expects to receive, from the sale of stock or bonds, the issue of which has heretofore been authorized, as follows:

Receivable from sale of first preferred stock sold to September 30, 1924:	
Application No. 6229 .....	\$5,016 00
Application No. 6585 .....	806 00
Application No. 7234 .....	696 41
Application No. 7432 .....	4,329 50
Application No. 8104 .....	15,601 21
Application No. 8550 .....	16,536 70
	\$43,075 82
Receivable from sale of common stock sold to September 30, 1924:	
Application No. 10182 .....	\$623,260 59
Application No. 10361 .....	398,726 83
	1,021,987 42
Receivable from sale of \$12,500,000 of Series C first and refunding bonds authorized in Application No. 10409 .....	11,812,500 00
Total .....	\$12,877,563 24

Deducting the \$12,877,563.24 from the \$33,552,317.63 leaves a balance of \$20,674,754.39 which represents the excess of unreimbursed capital expenditures and construction expenditures authorized and estimated at September 30, 1924, over the accounts receivable and proceeds received from the sale of securities. However, in addition to the \$12,877,563.24 the company will receive the proceeds from the sale of \$2,821,400 of common authorized by Decision No. 13910 in Application Number 10361 but not sold up to September 30, 1924.

The Commission is of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted as provided in the following order:

#### ORDER.

Pacific Gas and Electric Company, having applied to the Railroad Commission for permission to use the proceeds it has received or will

receive from the sale of stock and bonds heretofore authorized to be issued by the Railroad Commission and the Railroad Commission being of the opinion that this is a matter in which a public hearing is not necessary and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expenses or to income,

*It is hereby ordered*, that Pacific Gas and Electric Company be, and it is hereby, authorized to use the proceeds obtained or to be obtained from the sale of stock and bonds the issue of which has been authorized by the Commission in the proceedings to which reference is made in the foregoing opinion, to reimburse its treasury and to pay in part such cost of the extensions, additions, betterments and improvements to its facilities and to the facilities of Mt. Shasta Power Corporation described in Exhibits B, C, C-1, D and E, filed in this proceeding as is properly chargeable to capital account under the uniform systems of accounts prescribed or adopted by the Commission.

*It is hereby further ordered*, that the order heretofore made in Applications Nos. 6229, 6585, 7234, 7432, 8104, 8550, 10182, 10361 and 10409, as such orders have heretofore been amended, shall remain in full force and effect except as modified by this order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

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DECISION No. 14410.

IN THE MATTER OF THE APPLICATION OF SANTA MONICA BAY  
TELEPHONE COMPANY FOR AUTHORITY TO ISSUE BONDS FOR  
CASH.

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Application No. 10688.

Decided December 27, 1924.

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C. F. Mason, for Applicant.

By THE COMMISSION.

OPINION.

In this application Santa Monica Bay Telephone Company asks the Railroad Commission to make an order authorizing it to issue and sell, at not less than 94 per cent of face value and accrued interest \$75,000 of its first and refunding mortgage 6 per cent gold bonds due September 1, 1944, and to use the proceeds to reimburse Citizens National Company for moneys expended in the purchase of \$78,500 of the 5 per cent bonds of Santa Monica Bay Home Telephone Company, and in addition to issue and sell from time to time additional

first and refunding 6 per cent bonds at not less than 94 per cent of face value for the purpose of purchasing, refunding or otherwise acquiring the 5 per cent bonds of Santa Monica Bay Home Telephone Company.

By Decision No. 14258, dated November 14, 1924, as amended, the Commission authorized Santa Monica Bay Home Telephone Company to transfer its properties to Santa Monica Bay Telephone Company and Santa Monica Bay Telephone Company, among other things, to execute a mortgage and to issue \$836,000 of first and refunding mortgage 6 per cent bonds due September 1, 1944. Of these bonds the order of the Commission permitted the delivery of \$239,000 in exchange for \$265,500 of bonds of Santa Monica Bay Home Telephone Company then held by The Pacific Telephone and Telegraph Company and the sale of the remaining \$597,000 at not less than 94 per cent of face value plus accrued interest for the purpose of paying indebtedness assumed by applicant in purchasing the properties and of financing the cost of additions and extensions. Upon acquiring the properties of Santa Monica Bay Home Telephone Company, applicant agreed to assume the payment of that company's outstanding bonded indebtedness, which was reported at \$497,500. Of this amount it is reported that \$265,500 of bonds held by The Pacific Telephone and Telegraph Company will be refunded through the issue of \$239,000 of applicant's bonds and \$78,500 have been purchased by Citizens National Company at a cost of \$70,317.50, leaving \$153,500 outstanding at this time. The Citizens National Company will deliver the \$78,500 bonds of Santa Monica Bay Home Telephone Company to applicant at the same price it paid for such bonds. Applicant asks that in addition to the \$75,000 of bonds, specifically covered by this application, it be allowed to issue its 6 per cent bonds from time to time to refund the remaining \$153,500 of bonds of Santa Monica Bay Home Telephone Company. The Commission has considered applicant's request and believes it should be granted. The order herein will authorize the issue and sale of not exceeding \$153,500 of bonds, in addition to the \$75,000 for the purpose of refunding bonds of its predecessor, Santa Monica Bay Home Telephone Company.

#### ORDER.

Santa Monica Bay Telephone Company, having applied to the Railroad Commission for permission to issue and sell bonds, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Santa Monica Bay Telephone Company be and it is hereby authorized to issue and sell on or before December 1, 1925, at not less than 94 per cent of face value plus accrued interest, not exceeding \$228,500 of its first and refunding mortgage 6 per cent bonds and to use \$70,317.50 of the proceeds to reimburse Citizens National Company for moneys expended in acquiring \$78,500 of the bonds of Santa Monica Bay Home Telephone Company and to use the remaining proceeds, or such portion thereof as may be necessary, to refund the remaining \$153,500 outstanding bonds of Santa Monica Bay Home Telephone Company or for such other purposes as the Commission may authorize in subsequent orders;

*It is hereby further ordered*, that Santa Monica Bay Telephone Company shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

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DECISION No. 14411.

IN THE MATTER OF THE APPLICATION OF HUGH GOODFELLOW, WARREN OLNEY AND W. I. BROBECK, AS TRUSTEES, KEY SYSTEM TRANSIT COMPANY, A CORPORATION, EAST OAKLAND RAILWAY COMPANY, A CORPORATION, OAKLAND AND HAYWARDS RAILROAD, A CORPORATION, AND KEY SYSTEM SECURITIES COMPANY, A CORPORATION, TO ISSUE ADDITIONAL CAPITAL STOCK.

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Supplemental Application No. 9367.

Decided December 27, 1924.

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*McCutchen, Olney, Mannon and Greene*, by *Warren Olney, Jr.*, for Applicants.

BY THE COMMISSION.

**FIRST SUPPLEMENTAL OPINION.**

In the supplemental petition filed on December 19, 1924, in the above entitled matter, Key System Transit Company asks permission to issue stock and expend cash in amounts hereafter indicated, to refund bonds which were a lien on property acquired by it.

The testimony shows that the board of directors of Key System Transit Company have agreed to permit the holders of \$98,000 face value of bonds which were a lien on properties acquired by such company, to participate in the benefits of the reorganization plan of San

Francisco-Oakland Terminal Railways. The record shows that the directors of the Key System Transit Company are convinced that the failure of the owners of the bonds to consent to, and deposit their bonds under, the reorganization plan was unintentional and due to oversight.

Of the \$98,000 of bonds which are the subject matter of this supplemental application, \$42,000 come within Group I-B, \$4,000 within Group II and \$52,000 within Group III of the reorganization plan of San Francisco-Oakland Terminal Railways. The plan provides that the holders of bonds under Group I-B were to receive general and refunding bonds of the Key System Transit Company equal in face value to the face value of bonds and certain unpaid interest coming within such group; that holders coming within Group II were to receive prior preferred stock of the company equal to 75 per cent and preferred stock equal to 25 per cent of bonds and certain unpaid interest coming within such group; and that holders of bonds coming within Group III were to receive 50 per cent of prior preferred and 50 per cent in preferred stock for bonds and certain unpaid interest coming within such group. Under the foreclosure decree the holders of bonds coming within Group I-B who did not deposit their bonds under the reorganization plan received \$624.48 in cash, the holders of bonds under Group II, \$474.75, and holders of bonds under Group III, \$376.15 per \$1,000 bond. The original agreement with the holders of the \$98,000 of bonds was to the effect that the cash to which they might be entitled under the foreclosure decree was to be turned over to the Key System Transit Company and they in turn receive bonds and stock of such company in the same amounts as though their bonds had been originally deposited under the reorganization plan. Subsequently it was found that all of the bonds which may be issued under the company's general and refunding mortgage had been issued and that it was impossible to carry out the original agreement. The agreement was modified and under such modified agreement the holders of the \$42,000 of bonds coming within Group I-B, will receive \$156.12 per thousand dollar bond in addition to the \$621.48 to which they are entitled under the foreclosure decree. The holders of the \$52,000 of bonds referred to above will receive 313.482 shares of prior preferred stock and 313.482 shares of preferred stock of the Key System Transit Company, while the holders of the \$4,000 of bonds will receive 36 shares of prior preferred and 12 shares of preferred stock of the Key System Transit Company. The stock so issued will bear dividends from January 1, 1925. All rights to dividends or interest payable prior to January 1, 1925, have been waived.

## FIFTH SUPPLEMENTAL ORDER.

Key System Transit Company having applied to the Railroad Commission for permission to issue 674,964 shares (\$67,496.40 par value) of stock for the purpose of refunding bonds which were a lien on property acquired by it, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be acquired by the Key System Transit Company through the issue of stock herein authorized, is reasonably required by applicant and that the supplemental petition filed in the above entitled matter should be granted; therefore

*It is hereby ordered*, that the Key System Transit Company be and it is hereby authorized to issue 313,482 shares of prior preferred stock and 313,482 shares of preferred stock to refund the \$52,000 face value of San Francisco, Oakland and San Jose Consolidated Railway bonds referred to in the supplemental petition filed in the above entitled matter on December 19, 1924, and to issue 36 shares of prior preferred stock and twelve shares of preferred stock, to refund the \$4,000 face value of bonds of San Francisco, Oakland and San Jose Railway Company seconds referred to in said supplemental petition; provided that the owners of said bonds in each instance pay to or otherwise account for, to the Key System Transit Company the amount to which they as owners of such bonds, are entitled to receive from the proceeds of the foreclosure sale of the properties securing the payment of the bonds; and provided further that the holders of such shares of stock shall have no right to any dividends thereon payable prior to January 1, 1925.

*It is hereby further ordered*, that Key System Transit Company shall keep such record of the issue, and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this twenty-seventh day of December, 1924.

## DECISION No. 14418.

IN THE MATTER OF THE APPLICATION OF THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING THE ISSUANCE OF COMMON CAPITAL STOCK OF THE PAR VALUE OF \$35,000,000.

Application No. 10673.

Decided December 30, 1924.

*Pillsbury, Madison and Sutro*, by *H. D. Pillsbury*, for Applicant.

BY THE COMMISSION.

## OPINION.

The Pacific Telephone and Telegraph Company asks permission to issue and sell at par \$35,000,000 of its common stock and use the proceeds in so far as adequate therefor, to reimburse its treasury for amounts paid into sinking funds under its several bond issues and for its uncanceled expenditures for fixed capital and investment accounts from October 31, 1922, which have not been already capitalized through the proceeds derived from the sale of stock authorized by Decision No. 13369, dated April 2, 1924.

The Pacific Telephone and Telegraph Company has an authorized stock issue of \$100,000,000 divided into \$82,000,000 (820,000 shares) of 6 per cent cumulative preferred and \$18,000,000 (180,000 shares) of common stock. All of its authorized stock is outstanding. It is of record that the provision of applicant's articles of incorporation reading

the capital stock of this corporation may be increased in the manner provided by law, but any such increase shall be only of preferred stock carrying the same rights and preferences as herein provided and designated for preferred stock to be issued under these articles,

has been amended so as to read

the capital stock of this corporation may be increased in the manner provided by law, but any issue of preferred stock shall carry the same rights and preferences as herein provided and designated for preferred stock to be issued under these articles.

By the amendment applicant's stockholders have voted to eliminate from the articles of incorporation the prohibition against the increase in the common stock of the company. The petition shows that at a special meeting held on November 26, 1924, the board of directors called a special meeting of applicant's stockholders to be held February 4, 1925, to consider and act upon the proposal of increasing applicant's authorized stock from \$100,000,000 to \$135,000,000 divided into \$82,000,000 (820,000 shares) of 6 per cent cumulative preferred and \$53,000,000 (530,000 shares) of common stock.

The testimony shows that the American Telephone and Telegraph Company owns approximately 90 per cent of the outstanding common

stock of The Pacific Telephone and Telegraph Company. The American Telephone and Telegraph Company has agreed that contingent upon applicant arranging to modify its financial structure so as to permit of the issue of additional common stock as advisable from time to time, it will, upon the offer for subscription of \$35,000,000 of common stock at par, subscribe for and pay for in cash its pro rata part thereof and furthermore, that it will, when such common stock is issued to it, surrender for cancellation to the treasurer of the company \$10,000,000 par value of its present common stock holdings. The testimony further shows that when this stock is surrendered applicant will reduce its intangible capital account now carried at \$11,631,914.49 by the sum of \$10,000,000 or by such other amount as may represent the stock surrendered to applicant.

At the present time, as stated above, applicant has outstanding \$18,000,000 of common and \$82,000,000 of 6 per cent cumulative preferred stock. Its funded debt consists of \$61,556,500 while its advances from system corporations amounts to \$35,822,500. Applicant's officers are of the opinion that the present form of its capitalization is not satisfactory. They believe that it will be able to get a better price for its bonds or preferred stock if it obtains some of its capital funds through the issue of common stock. In this connection attention might be called to the fact that the unamortized debt discount and expense is reported at \$3,177,964.07 and the unextinguished discount on capital stock at \$6,875,000, making a total of \$10,052,964.07, an amount which is more than one half of the company's outstanding common stock. We believe that from a financial standpoint the issue at this time of additional common stock by applicant is desirable.

The company asks permission to use the proceeds obtained from the sale of its stock to the extent that such proceeds are sufficient to reimburse its treasury for amounts paid into sinking funds of its several bond issues and for its uncapitalized expenditures for fixed capital and investment account since October 31, 1922, which have not already been capitalized through the proceeds obtained from the sale of stock authorized by Decision No. 13369, dated April 2, 1924. In that decision the Commission authorized the company to issue \$25,000,000 of 6 per cent cumulative preferred stock and sell the same for not less than \$87.50 per share. The company by the order of the Commission was permitted to use the proceeds to reimburse its treasury for amounts paid in the sinking funds of its several bond issues and for its uncapitalized expenditures for fixed capital and investment accounts since October 31, 1922.



The changes in the company's assets and liabilities from October 31, 1922 to September 30, 1924, both inclusive, are shown by the following balance sheets:

<i>Assets.</i>		
	September 30, 1924	October 31, 1922
Intangible capital .....	\$11,631,914 49	\$11,619,089 49
Right of way .....	1,000,033 06	885,966 26
Land and buildings .....	11,537,740 36	9,087,712 49
Central office equipment .....	30,327,731 08	17,258,800 00
Station equipment .....	16,481,686 70	12,679,266 36
Exchange lines .....	49,044,599 93	40,559,562 05
Toll lines .....	29,148,603 68	23,844,547 90
Other plant .....	1,497,416 13	808,598 22
General equipment .....	3,264,337 73	2,293,777 89
Total fixed capital .....	\$153,934,063 16	\$119,127,350 57
Construction work in progress .....	4,735,748 98	6,384,661 64
Investment securities .....	43,773,753 95	14,073,857 26
Advances to system corporations for constr., etc. ....	26,611,745 88	20,379,245 88
Miscellaneous investments .....	267,604 14	197,152 85
Cash and deposits .....	726,475 73	490,991 95
Marketable securities .....	-----	-----
Bills receivable .....	204,762 10	141,613 85
Accounts receivable .....	5,103,385 97	6,630,043 30
Materials and supplies .....	2,653,430 97	1,490,225 28
Accrued income not due .....	157,506 15	111,871 33
Sinking fund assets .....	1,360 83	126,176 68
Prepayments .....	320,174 31	436,724 76
Unamortized debt discount and expense .....	3,177,964 07	3,561,968 38
Unextinguished discount on capital stock .....	6,875,000 00	3,750,000 00
Other deferred debits .....	105,027 65	55,364 78
Total assets .....	\$248,648,003 89	\$176,966,248 51
<i>Liabilities.</i>		
	September 30, 1924	October 31, 1922
Capital stock, common .....	\$18,000,000 00	\$18,000,000 00
Capital stock, preferred .....	82,000,000 00	57,000,000 00
Total capital stock .....	\$100,000,000 00	\$75,000,000 00
Funded debt .....	61,556,500 00	63,198,000 00
Advances from system corporations for constr., etc. ....	35,822,500 00	-----
Bills payable .....	-----	20,000 00
Accounts payable .....	3,709,354 46	1,982,559 00
Accrued liabilities not due .....	3,222,815 25	1,866,478 71
Liability for employees' benefit fund .....	497,075 89	495,954 63
Other deferred credit items .....	1,946,502 75	285,144 35
Reserve for accrued depreciation .....	33,098,628 80	28,882,141 78
Reserve for amortization of intangible capital .....	97,836 04	70,450 82
Surplus and undivided profits .....	8,696,790 70	5,165,519 13
Total liabilities .....	\$248,648,003 89	\$176,966,248 51

Applicant's balance sheet shows an increase in fixed capital from October 31, 1922, to September 30, 1924, of \$34,806,712.59. The increase in "investment securities" and "advances to system corporations for construction etc." is reported at \$35,932,396.69. During the interim the funded debt was decreased by the sum of \$1,641,500.

The testimony shows that the \$35,000,000 of common stock which the company asks permission to issue will be offered to applicant's stockholders at par. The American Telephone and Telegraph Company,

which owns more than two-thirds of all of applicant's outstanding capital stock, will subscribe its pro rata part of the stock. Applicant has no assurance from the American Telephone and Telegraph Company that it will purchase stock in excess of its pro rata part. Heretofore the company has purchased stock not subscribed by other stockholders and it is possible that it will do the same in this instance. While applicant asks permission to use the proceeds from the sale of the stock for the purposes mentioned we believe that such proceeds should after the reimbursement of applicant's treasury, be used to pay indebtedness.

**ORDER.**

The Pacific Telephone and Telegraph Company, having applied to the Railroad Commission for permission to issue \$35,000,000 of common stock, a public hearing having been held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that The Pacific Telephone and Telegraph Company be and it is hereby authorized to issue and sell at not less than par for cash, on or before July 1, 1925, 350,000 shares (\$35,000,000) of its common stock and to use the proceeds to reimburse its treasury to the extent that such proceeds are sufficient therefor, for amounts paid into the sinking funds of its several bond issues and for uncapitalized expenditures for fixed capital and investment accounts since October 31, 1922, which have not been already capitalized through the proceeds derived from the sale of stock authorized by Decision No. 13369, dated April 2, 1924; provided, that after the reimbursement of applicant's treasury for the purposes indicated the proceeds be used to pay indebtedness.

The authority herein granted is subject to further conditions as follows:

1. Pacific Telephone and Telegraph Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted to issue stock will become effective when applicant has filed with the Railroad Commission a copy of its amended articles of incorporation showing that its authorized common stock has been increased from \$18,000,000 to \$53,000,000.

Dated at San Francisco, California, this thirtieth day of December, 1924.



## DECISION No. 14420.

IN THE MATTER OF THE APPLICATION OF SOUTHERN CALIFORNIA TELEPHONE COMPANY FOR AN ORDER AUTHORIZING EXCHANGE AREAS IN THE TERRITORY SERVED; AUTHORIZING THE INTRODUCTION OF MEASURED SERVICE, AND AUTHORIZING JUST AND REASONABLE RATES, TOGETHER WITH RULES AND REGULATIONS APPERTAINING THERETO FOR THE TERRITORY SERVED.

Application No. 9648.

SIMONS BRICK COMPANY, A CORPORATION.

*vs.*

SOUTHERN CALIFORNIA TELEPHONE COMPANY, A CORPORATION.

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Case No. 2026.

Decided December 31, 1924.

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**RATES—TELEPHONE UTILITY—RATE OF RETURN.**—The utility is found under present operation and under existing rates, to be receiving a return of but  $1\frac{1}{2}$  per cent upon the reasonable cost of the operative property, and is entitled to a return, based on 1924 conditions, of  $6\frac{1}{2}$  per cent.

**REASONABLE RATE BASE.**—Reducing the utility's claim of its property value by approximately \$8,000,000, the Commission finds \$58,681,000 to be a reasonable rate base for the year 1924.

**OPERATING EXPENSES.**—Allowance for operating expenses is reduced \$2,600,000 below the amount claimed by the utility.

**COMPANY'S STATUS.**—It is found that Southern California Telephone Company is to all intents and purposes, a division, or district, of The Pacific Telephone and Telegraph Company, which in turn acts as a division or district of American Telephone and Telegraph Company.

**PARENT UTILITY.**—American Telephone and Telegraph Company, relative to service to associated companies, should be subject to investigation by state commissions in the same manner and to the same extent as other utilities, and this company should be prepared to furnish such evidence as to cost of operation as the state commission may deem fit to require.

**QUALITY OF SERVICE.**—Although service has been unsatisfactory in the past, it is now satisfactory, and justifies a fair return upon the property used and useful in the public service.

**FAIR RATE OF RETURN.**—While a return of  $6\frac{1}{2}$  per cent on the rate base is allowed on the 1924 basis, it is found that with increased efficiency and coordination of its system the utility should earn a greater return.

**READJUSTMENT OF RATE PLAN.**—It is pointed out that Los Angeles is developing into a metropolitan district of such extent that the present rate plan will soon become obsolete, and steps must be taken to readjust the rate plan to fit the new conditions.

**FOREIGN EXCHANGE SERVICE.**—Foreign exchange service is established to care for industries located in outlying, and other exchanges, requiring Los Angeles exchange service. Rates are fixed for this class of service to subscribers in the Culver City and Montebello exchange areas.

**LOCAL EXCHANGES ESTABLISHED.**—Montebello exchange is continued; Culver City established as a separate exchange; Beverly Hills retained as a part of Los Angeles exchange.

**DIFFERENTIALS IN CHARGES.**—Residence subscribers are found to be paying more than their proportionate share of the cost of service; and business and private branch exchange subscribers are paying less than their proportionate share; readjustment of these differentials is attempted.

**MEASURED SERVICE.**—Should be made effective for business and private branch exchange service in order to spread the charges equitably among the various classes of subscribers. Flat rates for business and private branch exchange service have become impracticable, and place too great a burden on small users.

Other cities of comparable size have measured service.

**RATES FIXED.**—Rates effective for service reduced on and after February 1, 1925, for residence service fixed at \$1.75 per month for individual line service; \$3.50 per month for two-party service; \$2.75 per month for four-party line service; \$12.50 per month for one-party business service; optional measured rate service, \$5.50 per month for seventy-five messages, or less, per month; five cents per message for the next one hundred calls, and four cents for each additional call.

**MEASURED SERVICE.**—The utility is directed to install measuring equipment on its system. Beginning January 1, 1926, all business and private branch exchange service to be placed on a measured basis, flat rates for this class of service being discontinued at that time. Beginning February 1, 1926, measured rates will apply to hotel private branch exchange service and as an optional rate to business and commercial private branch exchange service.

*Arthur Wright, Pillsbury, Madison and Sutro*, by *H. D. Pillsbury* and *James T. Shaw*, for Applicant.

*Jess Stephens*, City Attorney, and *Milton Bryan*, Deputy City Attorney, for the City of Los Angeles.

*Paul E. Schrab* and *Richard C. Waltz*, City Attorneys, for the City of Beverly Hills.

*Fred Baker* and *Paul G. McIver*, City Attorneys, for the City of Montebello.

*R. V. Orbison*, City Manager, *Dudley Robinson*, City Attorney, and *G. R. Kenny*, for the City of South Pasadena.

*W. B. Thompson*, City Attorney, for the City of Huntington Park.

*Carl Bush*, for Hollywood Chamber of Commerce.

*C. O. Youngstratten* and *H. C. Pogue*, for the eastern part of Beverly Hills.

*Hill and Morgan* and *Hugh Gordon*, for the Citizens Phone Rate Committee.

*Harry H. Culver*, for Harry H. Culver Company.

*Ingle Carpenter*, for Thos. H. Ince Studios, Inc.

*Mar Thelen*, associated with *Jess E. Stephens*, for the City of Los Angeles.

*O. McCreyn, Millikin, Tuller and McNeil* by *W. W. Clary*, for H. R. Vail et al., California Tylite Company, Theodore Payne et al.

*Fred E. Pettit, Jr.*, for the Los Angeles and Salt Lake Railroad Company.

*John F. Immel*, for the City of Culver City.

*Culver and Nourse* and *Hugh Gordon*, for Simons Brick Company.

*Stephens and Stephens*, for the Vail Company.

*W. D. Jones*, for Cheviotdale District.

*Loeb, Walker and Loeb*, by *Joseph P. Loeb*, for Universal Pictures Corporation.

*G. P. Kenny* and *Paul E. Schrab*, for Sherman Chamber of Commerce.

*Ernest Irwin*, for California Independent Telephone Association.

*John W. Kemp*, for Los Angeles Chamber of Commerce.

*Edmund T. Bishop*, County Counsel, and *Ernest Purdum*, Deputy, for County of Los Angeles.

BY THE COMMISSION.

#### OPINION.

Southern California Telephone Company, the applicant in this proceeding, requested in its original application, filed December 29, 1923, authority to introduce measured service in part of its territory and with reference to certain classes of service therein, and to establish local exchange service as distinguished from general territorial exchange service in certain parts of its territory. Applicant on February 7, 1924, filed an amended application in which it asked that it be allowed

to establish separate exchanges at Montebello and Culver City and to place in effect the standard toll rates between these exchanges and Los Angeles and other points. The amended application also sets forth applicant's proposed schedule of rates applicable to service in these several proposed exchange areas. These rates contemplate an average increase of approximately 40 per cent over the existing rates. Applicant later suggested the establishment of a separate exchange area at Beverly Hills, with standard toll rates to Los Angeles and other points. On August 20, 1924, applicant requested a further modification of its original application by asking that a rate for foreign exchange service be established. Applicant also requested such further relief as may be found necessary.

Hearings in this proceeding were held before Commissioners Seavey, Shore and Whittlesey in Los Angeles, on February 7, April 8, June 24, 25, 26, 27, August 18, 19, 20, 21, September 17, 18, 19, 22, 23, 24 and 25, 1924.

Petitions for leave to intervene were filed through W. W. Clary, by M. R. Vail et al., in which petitioners requested that Southern California Telephone Company be required to extend the boundaries of the Los Angeles exchange area to include certain sections now in the Montebello exchange area, and by California Tylite Company et al., and Theodore Payne, in which petitioners requested that Southern California Telephone Company be required to extend the boundaries of the Los Angeles exchange area to include a certain section of the present Glendale exchange area, located north of Los Feliz boulevard and east of the Los Angeles river.

A petition was filed by E. P. McCarthy et al., in which the petitioners requested that the Los Angeles exchange area be extended to include a certain section of the Glendale exchange area located along and adjacent to Verdugo road.

Some eighty (80) letters and petitions from individuals and organizations of Los Angeles and vicinity have been filed with the Commission during this proceeding, protesting against the establishment of measured service and an increase in the rates for telephone service.

The formal complaint, Case No. 2026, filed by Simons Brick Company against applicant on July 23, 1924, and amended on July 25, 1924, was consolidated with Application No. 9648 for hearing, by order of this Commission in Decision No. 13849, dated July 26, 1924. This complaint involved the question of service between exchange areas, a matter under consideration in Application No. 9648.

Appearances were entered by the various cities and organizations as listed, and in many of the hearings joint representation and presentation was followed by the appearing parties.

This is a proceeding in which more than ordinary interest has been

taken by telephone subscribers, various organizations, cities and the public in general within the territory served by applicant. Not only were these interests represented, but they were aided by expert legal and engineering counsel. During this proceeding a vast amount of evidence has been introduced. Applicant in its presentation of its case submitted in connection with extended oral testimony, some twenty-four (24) exhibits. These exhibits covered the subjects of valuation, revenues, expenses, licensee revenue charge, Western Electric costs and rate studies and analyses.

The city of Los Angeles submitted some twenty-four (24) exhibits in this proceeding. The scope of the exhibits covered the effect of measured service and the establishment of separate exchange areas upon the service and charges; change in the primary rate area boundary; comparison of rates of various cities; comparison of costs of telephone equipment; comparison of operating expenses and cost of service furnished to applicant by American Telephone and Telegraph Company. These exhibits and testimony accompanying were supplemented by oral testimony by Messrs. Wray and Hill, consulting engineers of Chicago, who appeared as witnesses for the city.

Following the filing of the application in this proceeding by Southern California Telephone Company in December, 1923, this Commission's engineering department immediately began an exhaustive investigation of all operations of the company. A check was made of the valuation of the properties of Southern California Telephone Company and an investigation made of the reasonableness of the past operating expenses, together with an analysis of applicant's revenue requirements. In addition to these, a most extensive investigation of the service furnished in Los Angeles has been made. This service investigation, however, has not been confined solely to this particular proceeding, but was started some two years ago and has been continually carried on, and it is contemplated to continue it in the future. The Commission's auditing department has made an audit of the company's books covering the period of the company's entire operation from 1917 up to December 31, 1923. Seventeen (17) exhibits were submitted covering the results of the work undertaken and performed by the Commission's staff in connection with these investigations. These exhibits dealt with the audit of the company's books, the check of the valuation, depreciation studies, duplication of plant, rate base, operating expenses and revenues, proposed modification of primary rate area and exchange area boundaries, and a zoning plan as a substitution for the company's separate exchange method of rendering service. Evidence was also introduced relative to the past and present quality of service rendered.

The city of Beverly Hills submitted ten (10) exhibits relative to the effect of the company's proposed rates on subscribers residing in

Beverly Hills. These exhibits included two reports by Mr. G. R. Kenny, consulting engineer, dealing with the company's proposal for the arrangement of separate exchanges at Culver City and Beverly Hills and a comparison of the various rate proposals made in this proceeding. Other exhibits were filed on behalf of Culver City and South Pasadena, the East Side Organization, Theodore Payne, the town of Sherman and Cheviotdale Tract.

Briefs were filed following the close of the last hearing held in this matter as follows:

1. Opening and reply briefs by city of Los Angeles and General Citizens Telephone Committee, by Jess E. Stephens, Hugh Gordon, A. J. Hill and Max Thelen.
2. Reply and closing briefs by applicant, Southern California Telephone Company, by H. D. Pillsbury and J. T. Shaw.
3. Opening and reply briefs by city of Beverly Hills and Sherman Chamber of Commerce, by P. E. Schwab and Richard E. Waltz.
4. Brief by city of South Pasadena, by R. V. Orbison, G. R. Kenny and Horace E. Vedder.
5. Brief by city of Culver City, by J. T. Inmel.
6. Opening and reply briefs by C. and O. Ornamental Iron Works et al., by O'Melveny, Millikin, Tuller and MacNeil by W. W. Clary.

Applicant in this proceeding is seeking the establishment of separate exchanges at Montebello, Culver City and Beverly Hills, with local rates within each exchange area, together with toll rates between areas; the introduction of an optional measured rate for business service, the establishment of a rate for foreign exchange service to allow a subscriber in any exchange area to receive direct service from any other exchange area and an increase of its rates, such as will allow it to receive sufficient revenue to pay operating expenses and a reasonable amount for return upon the value of its plant used and useful in rendering service to its subscribers.

#### **History of Company.**

Prior to May 1, 1917, telephone service in Los Angeles was furnished by two companies—The Pacific Telephone and Telegraph Company, which operated a manual system, and the Home Telephone and Telegraph Company, which operated an automatic system. The service, being competitive, practically required many subscribers, particularly business, to subscribe to both services. In 1916, Southern California Telephone Company was organized and on May 1, 1917, acquired the properties of the Pacific and Home companies and began operations as a public utility.

At the time of consolidation the combined properties of the two companies represented an investment of approximately \$16,000,000. The number of telephone stations, excluding duplicate stations, totaled



approximately 119,000. During the period of the war following the consolidation, there was little activity on the part of the company in extending its system. Commencing about 1919, and thereafter, a very rapid growth in demand for telephone service occurred, and at the same time the company experienced increased costs resulting from war and post-war conditions. This made it necessary for applicant to spend large sums of money in the face of the fact that it could not expect any relief in the form of increased rates, as did other utilities operating under the Burleson rates, due to a stipulation in which it agreed, at the time of the consolidation, not to ask for any increase in rates during the following five-year period. On application by the company, this Commission in its Decision No. 9864 (20-C.R.C. 981), dated December 14, 1921, authorized an increase in rates of approximately 50 per cent, effective January, 1922. Since that date no further increase in rates has been granted, although the question of rates and service has been the subject of formal investigation.

Since the war and up to the first of this year, telephone service in Los Angeles has been unsatisfactory. This was due largely to the unprecedented increased demand for telephone service together with the inadequacy of certain portions of the telephone plant acquired during the consolidation and the difficulty which applicant has experienced in obtaining additional equipment. During the past two years the company has expended large sums of money and has made various changes in its operations in improving its system, and at the present time the general service furnished by applicant is reasonably satisfactory.

At the present time Southern California Telephone Company is furnishing service by means of both manual and automatic equipment in the city of Los Angeles and surrounding territory, including the cities of South Pasadena, Montebello, Vernon, Huntington Park, Culver City and Beverly Hills. The entire area served by applicant is included in one exchange area with the exception of Montebello, where an exchange was established on August 1, 1924, under authority granted in this proceeding, and Culver City, in which both local and Los Angeles service is furnished. The city of South Pasadena is not only served by applicant but is also served by the Home Telephone and Telegraph Company of Pasadena. On June 30, 1923, the investment of the company was reported by it to be approximately \$46,000,000. The number of stations in service on June 30, 1923, was 197,952, and there was also a held-order list of approximately 20,000 stations. On September 30, 1924, the number of stations had increased to approximately 249,450, with a held-order list of approximately 11,000 stations.

Financially the history of the company since consolidation indicates earnings below what would be considered a reasonable return on the

investment in applicant's properties and as shown on the company's books the earnings have been below operating expenses since 1921.

The Southern California Telephone Company has been before this Commission in formal proceedings since the time of the consolidation in 1916 as follows:

1. Consolidation—Dec. 3845, App. 2227 (11 CRC 863).
2. Subscriber's Option of Telephone—Dec. 7311, App. 2227 (17 CRC 938).
3. Culver City Rates—Dec. 9516, Case No. 1538, (20 CRC 568).
4. Rates and Service—Dec. 9864, App. 6285 (20 CRC 981); Dec. 10142, App. 6285 (21 CRC 274).
5. Rates and Services—Dec. 12733, App. 8145, and Case 1796 (21 CRC 14); Dec. 13478, App. 8145 (24 CRC 854).
6. Stock Issues—Dec. 12929, App. 9456 (24 CRC 228).

#### General.

The consideration of this proceeding resolves itself into two main subdivisions: first, the determination of the total gross compensation which the utility should receive from its subscribers for service rendered; and second, the determination of the spread of charges among the various classes and groups of subscribers. The first of these involves the determination of a rate base, depreciation allowance, operating expenses, proper compensation from connecting communication utilities, rate of return, and lastly, the total gross revenue required to meet these items. The second requires the determination of the kind and classes of service the company is to render, the method of payment of charges, and the relation of the various charges which are to apply to the different services. This involves the determination of the rate differential between the different classes of subscribers' service, and between the different grades of service within each group, such that the aggregate of all charges will result in that total gross revenue which the company is entitled to receive.

The rates which will be fixed herein will be effective during 1925 rather than for the year 1924. As the evidence presented in this proceeding relative to estimated capital, operating revenues and expenses are based upon more definitely known facts for the year 1924, it appears logical, therefore, to use the basis of 1924, adjusted for changes made during the year, as a measuring stick to determine the reasonableness of the rates rather than attempt to estimate the particular conditions of 1925.

#### Valuation and Rate Base.

Applicant submitted a so-called inventory of its properties as of June 30, 1923, together with three appraisals and also a report showing the book cost of its property as of that date. The totals as submitted are as follows:

	Valuation as of June 30, 1923
Reproduction cost new.....	\$62,072,600 00
Reproduction cost new, less depreciation.....	57,881,309 00
Actual performance appraisal.....	47,306,484 92
Book cost .....	45,797,352 58

The reproduction cost new estimate apparently assumes a six-year construction period, two for planning and development and four for actual construction, with prices based upon price trends covering the present and the future. In the estimate it has been assumed that the plant would commence to come into actual operation during the last three years of construction. Approximately \$7,000,000 has been included in this total for interest during development and loss from operation, in addition to interest during construction of \$1,424,000, under the hypothetical reproduction period estimated by the company. This appraisal also includes the estimated cost of cutting and replacing pavements not actually cut by applicant. These two items are in excess of that which would be found under an actual performance appraisal even were price conditions of the present in effect. This estimate, as is the case with many estimates on reproduction cost new, includes the estimated cost under present prices of property as it exists, although to a considerable extent the older property is at the present time more or less obsolete and would not be constructed as actually installed were the property to be built at this time. The utility is now actively engaged in taking out some of the property and will continue to be engaged in this work because of obsolescence and inadequacy.

The entire estimate is based upon assumptions of conditions which have not in practice occurred and probably never will occur. It is apparent that the company itself does not believe that either its reproduction cost new or its estimate of reproduction cost less depreciation are the dominant factors in determining value, although this is urged in its brief. Its own witness, Mr. Fleager, after considering, as he stated, the question of the property as a whole and the various elements of value and factors affecting it, concluded that the fair value of the property as of June 30, 1923, was \$50,000,000, or over \$7,000,000 less than the estimated reproduction cost less depreciation and over \$12,000,000 less than the estimated cost of reproduction new.

The company's position that the present reproduction value of the property is a very important factor in the determination of the fair value of the property and the rate base to be allowed, raises again before this Commission the question of the basis of valuation to be followed in the determination of rates. The provisions of the law with reference to this subject are not explicit, and discussion is, therefore, largely turned upon decisions of the courts. The difficulty in making a direct application of decisions of courts in the problems before the Commission is that the higher courts usually only affirm or reverse the findings of the lower tribunals, although some pronouncements as to the exact basis have been made. The decisions generally deal more with the problem of what is or is not confiscation than with the soundness as

a whole of the various principles of rate regulations which have been under review. The general basis which has been used in establishing confiscation is that the utility is entitled to receive a fair return upon the reasonable value of its properties at the time of the inquiry. This rule has been developed and is used as a test of confiscation, and is not the result of an inquiry seeking the basis of rates that will establish the most advantageous economic relations between public utilities, the investors, and the public.

The enormous demand for telephone service in Los Angeles and the continuing requirements for large additional capital year by year require that rates be established on a basis that will make possible continuous development by the utility and the rendering of adequate service. The company, to a large extent, as an agent of the public, is called upon to expend moneys regardless of whether the price of material and labor is high or low. The investment may be relatively high because the demands of the public come at a time of high prices or relatively low because the demands come at times of low prices. Applicant can not choose when it is to expend money if adequate service is to be rendered. As a matter of equity, therefore, the utility is entitled to consideration of its investment and both it and the public should be protected against the effect of wide fluctuation in values, determined on fluctuating prices of materials or labor. The experience of this utility during the past few years has indicated the necessity, if the public is to be continuously and adequately served, that the utility have a fair and stabilized return upon the moneys that it has invested in the property. Although it might be to the advantage of the utility to claim a value based upon a reproduction of the property at this time the effect upon the utility in case of a drop in the level of prices might be seriously detrimental to it and the public in the future.

The welfare of the city requires that the rates for telephone service be as high as, and no higher than, is necessary for development of the company to keep pace with the demand for service. It is true that in the past enormous development has been carried on with little or no return, but this can not continue, and has occurred partly because of the belief that when good service was rendered, adequate rates might be obtained. A return that is sufficiently liberal to encourage the investment of new money can hardly be held to be confiscatory. It is interesting to note that the company, in this case, does not ask for rates which, in accordance with its theories and estimates it claims, it would be entitled to under the law. It is apparent that the company itself appreciates the fact that the application of the rates which it claims it is legally entitled to would be injurious to the company itself. The main problem before the Commission is to determine a basis which will keep the company solvent, growing and in a position to maintain

its property and render adequate service at the present and in the future.

The company's actual performance appraisal, with the exceptions set forth hereafter, closely approximates in principle the historical cost undepreciated heretofore used by this Commission. The Commission's engineering department made a check of the inventory of the property in so far as it was practicable, and found the inventory to be reasonably correct. A more extensive check was made of the actual performance appraisal submitted by the company. As to the structural properties, the report of the Commission's engineers was that the actual performance appraisal was in their opinion reasonable and closely represented the historical reproduction cost undepreciated. It appears that it was not possible definitely to check the reasonableness of the appraisal of central office equipment and private branch exchanges. This part of the property has been, in most cases, installed by the Western Electric Company for the account of the local company, and there is no direct comparison with other costs, because the Western Electric Company is the only company supplying a large part of this equipment. The evidence, however, indicates that the level of wages paid in connection with the installation of equipment was reasonable as compared with wage scales of other utilities, and also, the evidence is fairly definite that, in so far as Western Electric prices are comparable with similar prices, they are lower to applicant than those of competing firms. From this it can not be concluded that the costs are higher than are reasonable, although no complete and satisfactory check can be made.

The Commission's engineers submitted an exhibit setting forth an estimated rate base for the properties for the year 1924, using the actual performance appraisal as submitted and checked, excluding certain items which were considered as not properly belonging to the rate base. The company has included the sum of \$2,859,302 for construction work in progress, as a part of the actual performance appraisal. This represents buildings and equipment under construction, but not completed, as differentiated from plant installed in excess of the immediate demands but reasonably required for the general growth of the system and rendering of adequate service. This construction work in progress represents property not used and useful in the public service at the time of valuation and to which interest during construction should be added as a capital account. We can see no justification for the inclusion of this item in the rate base. Certain deductions were made for duplication of plant, and there appears no question as to their correctness. There were also excluded from the amounts set forth in the company's appraisal items representing cash, employees' working funds and amounts due from subscribers and agents. In place thereof the engineers of the Commission allowed an amount to cover working cash

capital, which amount is in accordance with the general basis heretofore found reasonable by this Commission relative to working cash capital.

In the valuation of lands submitted by the Commission's engineers totaling \$2,287,015 as of December 31, 1923, certain lands were included which did not represent operative property as of that date, but which would become operative some time after June 30, 1924, when the buildings being constructed thereon would become operative. These lands are in the same general classification as construction work in progress. It would appear that the account representing these lands, and totaling \$518,900, should be excluded.

The city of Los Angeles and General Citizens Telephone Committee urge that possible further reductions should be made in the appraisal. It is suggested that an item of interest during construction of \$237,409, included by the engineers, may be on construction work in progress and therefore should be excluded. It appears that this item does not represent interest on construction work in progress, but is interest during construction not transferred to various accounts. We see no reason for a reduction of any of this amount.

Further reduction is urged in view of the fact that the total actual performance appraisal as of May 1, 1917, was in excess of the investment in the property as shown by the issuance of stocks and bonds at the time of consolidation. Reference to Decision No. 3845 (11 C. R. C. 806) indicates clearly that the reproduction cost new of the properties consolidated at that time was in reality on the historical basis. The issuance of securities in connection with the consolidation was on the basis of this reproduction cost (historical) less estimated accrued depreciation, a figure approximately \$3,000,000 less. The reasonable historical reproduction cost, undepreciated, of the properties represents, with the exception of lands which are included at the present value, the reasonable cost new of the properties when and as constructed. It does not appear that any change in the Commission's engineers' figures should be made for the reason urged.

It is urged by the city and the citizens' committee, based largely upon the evidence submitted by their engineer, Mr. Dillon, and through testimony of Messrs. Wray and Hill, that the company is now overinstalled and that much plant has been constructed which is for future operations rather than for the present; and that, therefore, a further reduction should be made because of this overinstallation. These conclusions appear based mainly upon the fact that the investment per station has increased materially since 1917, and the cost per station added during recent years has been high. Comparison is made of the costs per station in Chicago and New York showing that both the added cost per station during recent years and the total cost per station in Los Angeles is relatively much higher. Sufficient data is not available to show the correct weight that can be given to these

comparisons. They are indicative of higher costs but not of unjustified costs under the relative circumstances existing. Without question, applicant's system was under-developed in 1919, 1920, 1921, 1922 and possibly in 1923. The inability of applicant to serve the new subscribers applying and the unsatisfactory service rendered to subscribers on its system clearly show that a material increase in facilities was imperative. The city and this Commission have continuously urged applicant to exert greater effort to meet the demands and unless it has far overshot the mark at this time no reduction of capital should now be made. Applicant is just catching up with the demand for service. A certain reasonable surplus of plant facilities is essential for good service. In June 1922 and 1923, when the fixed capital amounted to \$170 and \$210 per station, respectively, unsatisfactory conditions existed both as to service and delayed installation. This Commission believes that the company should maintain a reasonable amount of spare equipment and facilities in order that all demands for telephone service may be properly taken care of and that it should not be necessary for prospective subscribers to wait for any undue length of time before service can be obtained. There is no better indication that good service is assured than for applicant to be in such a position. Applicant has been installing extensive basic plant, thus laying the foundation for the future growth in the city. All new plant must be constructed with the future in view. It may be possible that the present investment per station is somewhat higher than will obtain on the average in the future. It does not appear, however, that overbuilt plant exists to the extent that any deduction from the rate base should be made.

Table No. 1 herein sets forth, by accounts, applicant's claimed valuations and book cost. Table No. 2 sets forth the summaries, together with additions to December 31, 1923, as shown in applicant's exhibits. Table No. 3 shows details of the actual performance appraisal, by accounts, of operative property plus additions and betterments to December 31, 1923, as used by the Commission's engineers.

The Commission's engineers' estimate of the rate base for 1924 is set forth in Table No. 4.

The landed capital as set forth in the engineers' exhibit should be reduced on account of land not in operation. On the other hand, it appears that the average operative additions and betterments for the year 1924 will be approximately \$7,706,000, as compared with the actual for the first six months of \$6,727,807, due largely to the bringing into completion of a greater amount of property during the last six months of 1924 than during the first six months. It is to be noted also that the estimated average number of subscriber stations for the year 1924 is 243,000 and is in excess of the number connected and in service as of June 30, 1924, by 1245 stations.

The second column of Table No. 4 sets forth the estimated rate base found reasonable herein for the year 1924, totaling \$58,681,454. This is in comparison with the company's claim of fair value, as of the same date of \$66,147,000.

TABLE NO. 1.  
APPLICANT'S VALUATION OF PROPERTIES, AS OF JUNE 30, 1923.

Account	Actual performance appraisal, S. C. T. C. Exhibit No. 3	Estimated cost of reproduction, S. C. T. C. Exhibit No. 4	Estimated cost of reproduction less depreciation, S. C. T. C. Exhibit No. 5	Amount on books, S. C. T. C. Exhibit No. 6
201 Organization.....	\$1,793 32	\$75,000 00	\$75,000 00	
202 Franchises.....	4,634 90	4,600 00	4,600 00	\$4,107 00
204 Other intangible capital.....				527,645 37
207 Exchange right of way.....	95,353 95	159,300 00	156,100 00	95,353 95
211 Land.....	1,861,991 36	1,861,300 00	1,986,700 00	861,668 51
212 Buildings.....	2,265,075 46	2,736,500 00	2,520,200 00	2,222,048 69
221 Central office telephone equipment.....	14,600,921 07	16,581,900 00	15,258,100 00	14,241,467 99
231 Station apparatus.....	2,261,197 28	2,264,400 00	2,015,300 00	2,250,378 91
232 Station installations.....	1,617,460 90	1,972,000 00	1,577,600 00	1,611,415 71
233 Interior block wires.....	32,500 67	54,500 00	43,600 00	32,327 28
234 Private branch exchanges.....	1,952,027 71	2,336,600 00	2,219,800 00	1,942,581 82
235 Booths and special fittings.....	20,400 72	21,400 00	17,100 00	20,400 72
241 Exchange pole lines.....	1,896,971 35	2,287,600 00	1,875,800 00	1,813,713 86
242 Exchange aerial cable.....	2,883,414 60	2,881,800 00	2,737,700 00	2,702,618 41
243 Exchange aerial wire.....	1,604,738 38	1,896,500 00	1,422,400 00	1,561,357 72
244 Exchange underground conduits.....	3,075,517 65	4,645,800 00	4,460,000 00	2,967,986 32
245 Exchange underground cable.....	7,189,866 55	7,794,800 00	7,405,100 00	7,006,480 01
252 Toll aerial cable.....	3,540 70	5,700 00	4,900 00	2,903 37
253 Toll aerial wire.....	40,314 10	53,100 00	47,800 00	34,482 17
254 Toll underground conduit.....	394 09	400 00	400 00	382 27
255 Toll underground cable.....	6,753 14	9,200 00	8,700 00	6,415 48
261 Office furniture and fixtures.....	294,429 70	294,400 00	220,800 00	294,429 70
262 General shop equipment.....	7,236 00	7,200 00	5,000 00	7,236 00
263 General store equipment.....	13,697 16	13,700 00	11,000 00	13,697 16
264 General stable and garage equipment.....	554,097 48	554,100 00	387,900 00	554,097 48
265 General tools and equipment.....	148,347 04	148,300 00	148,300 00	148,347 04
268 Interest during construction.....	237,408 90	1,424,000 00	1,310,100 00	237,408 90
270 Undistributed construction expenditures.....	2,703 13	325,000 00	325,000 00	2,703 13
104 Construction work in progress.....	2,859,301 95	2,859,300 00	2,859,300 00	2,859,301 95
113 Cash.....	141,355 43	141,400 00	141,400 00	141,355 43
115 Employees' working funds.....	35,930 54	35,900 00	35,900 00	35,930 54
118 Due from subscribers and agents.....	384,847 26	384,800 00	384,800 00	384,847 26
122 Materials and supplies.....	1,212,262 43	1,212,300 00	1,188,100 00	1,212,262 43
Loss from operation.....		188,600 00	188,600 00	
Interest during development.....		6,838,200 00	6,838,200 00	
Totals.....	\$47,306,484 92	\$62,072,600 00	\$57,881,300 00	\$45,797,352 58

TABLE NO. 2.  
APPLICANT'S SUMMARY OF APPRAISALS AND FAIR VALUE, 1924 ESTIMATE.

	Total as of June 30, 1923	Additions and betterments, June 30, 1923 to Dec. 31, 1923	Total as of Dec. 31, 1923	Estimated average additions and betterments, 1924	Estimated average, 1924
Actual performance appraisal.....	\$47,306,484 92	\$8,142,059 33	\$55,448,544 25	\$8,005,000 00	\$63,453,544 25
Estimated cost of reproduction.....	62,072,600 00	8,142,059 33	70,214,659 33	8,005,000 00	78,219,659 33
Estimated cost of reproduction less depreciation.....	57,881,300 00	8,142,059 33	66,023,359 33	8,005,000 00	74,028,359 33
Book figure.....	45,797,352 58	8,218,745 61	54,016,098 19	8,072,000 00	62,088,098 19
Fair value.....	50,000,000 00	8,142,000 00	58,142,000 00	8,005,000 00	66,147,000 00



**TABLE NO. 3.**  
**OPERATING PROPERTIES OF SOUTHERN CALIFORNIA TELEPHONE COMPANY,**  
**AS OF DECEMBER 31, 1923.**

Account	Operative property less lands as of June 30, 1923	Additions and betterments less lands, June 30, 1923, to Dec. 31, 1923	Operative property, including lands as of Dec. 31, 1923
201 Organization	\$1,793 32		\$1,793 32
202 Franchises	4,634 50		4,634 50
207 Exchange right of way	95,353 95	\$3,468 14	98,822 09
211 Lands			1,768,115 00
212 Buildings	2,265,075 46	732,079 28	2,997,154 74
221 Central office equipment	14,600,921 07	4,512,659 83	19,113,580 90
231 Station apparatus	2,261,197 28	237,038 14	2,498,235 42
232 Station installations	1,617,460 90	379,679 79	1,997,140 69
233 Interior block wires	32,500 67	5,154 20	37,654 87
234 Private branch exchanges	1,952,027 71	364,892 66	2,316,920 37
235 Booths and special fittings	20,400 72	1,942 78	22,343 50
241 Exchange pole lines	1,896,571 35	*10,725 34	1,886,246 01
242 Exchange aerial cable	2,883,414 60	*107,702 94	2,775,711 66
243 Exchange aerial wire	1,604,738 38	*36,188 92	1,568,549 46
244 Exchange underground conduits	3,075,517 65	232,639 26	3,308,156 91
245 Exchange underground cable	7,189,866 55	1,079,541 07	8,269,407 62
252 Toll aerial cable	3,540 70		3,540 70
253 Toll aerial wire	40,314 10	2,016 51	42,330 61
254 Toll underground conduit	394 09		394 09
255 Toll underground cable	6,753 14		6,753 14
261 Office furniture and fixtures	294,429 70	41,023 62	335,453 32
262 General shop equipment	7,236 00	444 47	7,680 47
263 General store equipment	13,697 16	4,846 07	18,543 23
264 General stable and garage equipment	554,087 48	*102,787 43	451,300 05
265 General tool and equipment	148,347 04	3,788 17	152,135 21
Total less lands	\$40,570,683 92	\$7,343,809 36	
Total including lands			\$49,682,608 28
268 Interest during construction	237,108 90	85,944 81	323,053 71
270 Undistributed construction expenditures	2,703 13	7,287 56	9,990 69
Totals	\$240,112 03	\$93,232 37	\$333,344 40
Grand totals less lands	\$40,810,795 95	\$7,437,041 73	
Grand total including lands			\$50,015,952 68

\*Denotes credit item.

**TABLE NO. 4.**  
**RATE BASE. SOUTHERN CALIFORNIA TELEPHONE COMPANY, 1924.**

	C. R. C. Eng. Dept. estimated rate base, 1924	Reasonable rate base, 1924
Operative property as per C. R. C. exhibit (Brown report) as of June 30, 1923	\$40,468,902	\$40,468,902
Other accounts as of June 30, 1923:		
Exchange right of way	95,354	95,354
Interest during construction	237,409	237,409
Organization	1,793	1,793
Franchises	4,635	4,635
Undistributed construction expenditures	2,703	2,703
Operative property less lands, as of June 30, 1923	\$40,810,796	\$40,810,796
Additions and betterments, less lands, July 1, 1923 to December 31, 1923	7,437,043	7,437,042
Operative property, less lands, as of December 31, 1923	\$48,247,839	\$48,247,838
Operative lands as per C. R. C. exhibit (McAuliffe report) as of Dec. 31, 1923	2,287,015	
Reasonable operative lands, as of December 31, 1923		1,768,115
Operative property, as of December 31, 1923	\$50,534,854	\$50,015,953
Additions and betterments, January 1, 1924, to June 30, 1924	6,727,897	
Average additions and betterments, 1924		7,706,000
Operative property, as of June 30, 1924	\$57,262,681	\$57,721,953
Duplication of plant, as of June 30, 1924	40,500	40,500
Totals	\$57,222,161	\$57,681,453
Materials and supplies and working cash capital	1,000,000	1,000,000
Rate base -1924	\$58,222,161	\$58,681,453

**Depreciation.**

The Southern California Telephone Company has estimated the sum of \$2,812,000 as the depreciation allowance to be included in operating expenses on the basis of the year 1924. This depreciation is estimated on a straight line basis, and totals 5.28 per cent of the depreciable fixed capital accounts. It is the position of the Telephone Company that because of jurisdiction of the Interstate Commerce Commission over the accounting of telephone companies doing interstate business, and the requirements of that Commission relative to accounting, the California Commission has no jurisdiction to fix a different amount for depreciation or to use a different method of computing depreciation than has been followed by the Telephone Company under Interstate Commerce Commission accounting classification and rules. It is apparent from the evidence that the Interstate Commerce Commission has not prescribed at this time any specific rules for the determination of depreciation for telephone companies. It is now engaged in the work of determining rates of depreciation for telephone companies as required by the act, but no final action has been taken by the Commission as yet. The amount of interstate business handled by this company is a very minor portion of the total business.

One of the problems before this Commission is the determination of the reasonableness of the operating expenses of this utility in connection with the fixing of local rates. No evidence was presented to indicate that the Interstate Commerce Commission has made any investigation to determine what is a reasonable depreciation allowance for this utility. The position taken by the company in this connection is equally as applicable to all other expenses. It is required under the classification of accounts to report its actual operating expenses. It is true that charges to depreciation of plant and equipment are based upon estimates and not upon actual expenses, but it cannot be contended that because the company is required to report its actual expense or its estimate of expense to the Interstate Commerce Commission the act under which that Commission operates precludes a state commission, dealing with a matter over which the Interstate Commerce Commission does not have general jurisdiction, from inquiring into and determining the reasonableness of the amount set forth in the company's books.

We are convinced from a consideration of the evidence and the citations in the briefs that this Commission in local rate cases has jurisdiction to question the reasonableness of allowances for operating expenses, including depreciation. The depreciation reserve accumulated by the company has been largely invested in its operative property, on which a return is allowed or in property under construction on which interest during construction may be capitalized. It appears,

therefore, that in using a cost undepreciated basis a return is allowed upon the reinvested depreciation. The public should have credit for this earning. If a straight line depreciation is to be followed, then the accrued depreciation on a straight line basis received from the public through rates should not be included in the sum upon which a return is allowed, unless it is to be assumed that in determining the fair rate of return this portion of the moneys invested was obtained on a basis requiring no interest payment.

Mr. Paul Thelen, of the engineering department of the Commission, submitted a report based upon an exhaustive analysis of depreciation, both on applicant's and The Pacific Telephone and Telegraph Company's system. The results of his analysis as supplemented by testimony in the hearing were not questioned by the company. In the exhibit on revenues and expenses presented by the Commission's engineers, an annuity computed upon a 5 per cent sinking fund basis was used. In the case of many electric companies, a 6 per cent sinking fund basis has been used. In view, however, of the fact that those companies had earned in the past and are now generally earning a reasonable return, while in the case of this company the earnings during the past seven years have been low, it would appear that a 5 per cent sinking fund basis is more equitable to applicant and the public than 6 per cent.

Mr. Paul Thelen submitted in testimony certain suggested modifications of the estimate of depreciation set forth in his exhibit. After further analysis, he was of the opinion that the lives originally estimated for station apparatus should be reduced from  $4\frac{1}{2}$  years to 4 years, and that a change should be made in the life of private branch exchanges and possibly in the life and salvage of central office equipment. We are not convinced that any change should be made at this time in his original estimates made relative to central office equipment. As to the other two changes, it appears that an adjustment should be made.

On the basis of the estimate submitted in Mr. Thelen's exhibit an annuity of \$1,680,000 was included in the exhibit of total operating expenses. By using the modifications testified to by Mr. Thelen involving station apparatus and private branch exchanges, this figure then becomes \$1,709,000. This amount is subject to increase on account of the increase in average additions and betterments for 1924 over that included in the engineers' estimate. Correcting for this, we find the reasonable annuity for 1924 to be \$1,742,000.

#### **Cost of Toll Service.**

The question of the proper division of toll charges paid by subscribers of applicant for toll service over lines of connecting companies is of particular interest and importance in this proceeding and must be

given careful consideration. Prior to January 1, 1923, Southern California Telephone Company, for certain services performed in connection with the operation of toll business, furnished terminal equipment, collected tolls charged by Pacific Company against applicant's subscribers and otherwise acted as a toll agent for Pacific Company at Los Angeles, and received from The Pacific Telephone and Telegraph Company a commission of thirty per cent (30%) of all the Pacific Company's collections from subscribers and patrons of the Southern California Telephone Company as compensation. In like manner, applicant received a commission of twenty per cent (20%) of the originating toll business within the city of Los Angeles destined to points on the lines of United States Long Distance Company, and fifteen per cent (15%) of originating toll business within the city of Culver City.

During the early part of the year 1924, applicant and The Pacific Telephone and Telegraph Company, after making certain changes in the method of handling toll messages, mutually agreed to reduce the commission paid by the latter to applicant from thirty per cent (30%) to twenty per cent (20%). The adjustment in applicant's books was made to this basis retroactive to January 1, 1924.

The primary change in operations resulted in the transfer of the toll operators' pay roll expense heretofore borne by Southern California Telephone Company to the Pacific Company. For the remaining work now performed by applicant in connection with toll operations, it believes that a commission of twenty per cent (20%) on the originating toll business, destined to points on the Pacific Company's system, is all it is entitled to receive from the Pacific Company.

The company did not submit any detailed information to justify its contentions, but it did state that the compensation which it should receive should only cover the cost of such expense as it incurs in connection with the operation of toll equipment and plant, billing, and items of such a nature.

Mr. Dodge, the Commission's telephone and telegraph engineer, in his testimony on this matter, stated that the compensation which applicant should receive should also cover those expenses which applicant incurs in connection with the operation of local exchange plant used in the transmission of toll calls. Under the conditions of present operation, this additional compensation over that claimed by the company during the year 1923 amounted to a sum of \$120,600, equivalent to 6.8 per cent of the originating toll revenue during that period. The Company offered no particular objection to this method of determining reasonable compensation and neither submitted, nor offered to submit, evidence to show that the method as proposed by Mr. Dodge was not a proper and equitable method to follow. Mr. Wray, in his discussion

of this matter, was of the opinion that the method followed by Mr. Dodge was sound, but believed that he had been conservative in some of his assumptions and that the total compensation, as allowed, should have been increased by at least \$100,000.

Southern California Telephone Company is engaged solely in the business of rendering exchange service, except for toll service between Los Angeles and Montebello, which service was established August 1, 1924. The subscribers of applicant receive from it exchange service and toll service from the toll companies made available through connecting agreements with applicant.

Where the same utility furnishes both exchange and toll service, the division between toll and exchange revenue does not present the same questions as those appearing in this proceeding, in which applicant furnishes exchange service only. Where a utility furnishes both services, it receives both the toll and exchange revenues, and the question is therefore one of prorating the total charges between different classes of service. Where the utility furnishes exchange service only, its total revenue, in accordance with the present practice, consists of exchange revenue plus a commission on the gross toll revenue charged by the toll companies. At the present time the commission which applicant receives covers the cost of certain expenses incurred by it excluding those expenses of operations resulting from the use of exchange facilities necessary in connection with rendering of toll service.

It is the applicant's position that the return which it is entitled to receive must be determined solely upon its operations, and that the Pacific Company, or other companies with which it is closely associated, should in no way be made to carry any part of the expense of operation of applicant, nor should its losses be in any way absorbed by these associated companies if they should happen to be in a more favorable financial condition. On this basis applicant should then expect to receive from the connecting companies which are closely associated with applicant full compensation for all work done by it in any way in connection with the rendering of toll service going over the associated companies' lines. If applicant does not receive this full compensation then it must either receive a lower return than that to which it is entitled or else the difference must be made up by corresponding increase in its rates for exchange service.

It is the position of this Commission that the minimum compensation which applicant should receive from the connecting toll companies should be the total out-of-pocket cost covering the work done by it in connection with the toll business plus a reasonable profit, unless this

would result in prohibitive toll rates. Applicant failing to make any such showing that this procedure would result in excessive toll rates, the pro rata of expenses between toll and exchange operations should be made. The out-of-pocket cost resulting from the performance of these services will include a portion of the maintenance and depreciation, traffic and commercial expenses which are incurred in connection with the rendering of toll service.

The cost of the toll service to Southern California Telephone Company under the conditions existing in 1923, as determined by Mr. Dodge, amounted to \$897,000, equivalent to 50.8 per cent of the originating toll revenue as compared with an actual payment of \$491,683. During the year 1923, the expense in connection with the toll service was \$405,317 greater than the payments which applicant received from the connecting companies for whom the service was rendered. The corresponding cost of toll service, assuming applicant performs certain toll operations in accordance with the 1924 method of operation, amounts to \$444,900, equivalent to 25.2 per cent of the total gross originating toll revenue. This amount is to be compared with the compensation which applicant is now receiving under an agreement mutually entered into with the Pacific Company, wherein it is to receive only 20 per cent of the gross revenue.

The cost of toll service performed by applicant, as set forth in the accompanying table is divided into two portions, one the direct toll expense and the other toll expense of operations common to toll and exchange service. The sum of these two items, although they represent the total out-of-pocket cost to applicant of rendering toll service, does not necessarily represent the total compensation which applicant should receive from the toll companies. The amount included in the table as the cost of toll service does not include any amount covering a reasonable return on the investment, which applicant is entitled to receive. These totals are subject to addition of \$35,000 to cover a proration of return on investment on the basis used by Mr. Dodge for prorating other costs.

In the past, the compensation which the applicant has received from the toll companies has been determined by applying a fixed percentage to the total originating toll revenue on its system. If the compensation is only to include direct toll expense, then this method is equitable, providing, modifications in the amount of this percentage are made from time to time to cover changes in operating conditions.

The compensation covering the item of direct toll expense may be obtained either by applying an average percentage to the total originating toll revenue over some period of time or else in the form of

a monthly bill presented to the toll companies by applicant covering the actual expenses incurred by it. During the early part of this year, applicant made certain changes in its operations resulting in the reduction of the direct toll expense by approximately \$450,000 per year. There is no particular reason why applicant could not have made further changes, in which event the direct toll expense could have been further reduced and even reduced to zero. The amount of this expense to applicant may be largely controlled by it and the connecting companies and by mutual agreement can be made to vary in almost any manner. The degree of increase or decrease of this expense to Southern California Telephone Company depends upon which company actually performs the operations resulting in that expense. For this reason, it appears that the total compensation which applicant receives should be segregated, one portion of which should cover the direct toll expense and the other that portion of the expense of those operations which involve the use of exchange plant and facilities.

It makes no particular difference whether the rate for this item of the compensation is based upon the number of originating toll messages, or on the number of incoming toll messages, or upon the sum of the two. However, since the originating messages must be counted, it seems reasonable to base this rate upon the number of originating toll messages. During the year 1923, the toll expense of operations common to toll and exchange service amounted to approximately \$120,600 and the number of originating toll messages made during that same period amounted to 6,315,871, resulting in an amount of 1.91 cents per message. On the basis of prorating \$35,000 interest charges to this cost the total would then amount to 2.46 cents per originating message. In this study a toll message was considered as having equal weight with a local exchange message. A toll message should have a somewhat greater weight than a local message, for reasons which are apparent and it would appear that 2.5 cents per message would not be an unreasonable charge for applicant to make to the toll companies for each message originating on its system, in addition to direct expenses incurred for the benefit of toll companies.

The estimated toll revenue for the year 1924, based on the method of toll operation effective January 1, 1924, and on the basis of toll compensation above outlined and found reasonable, amounts to \$660,000 for the 1924 bases.

TABLE NO. 5.

COST OF TOLL SERVICE AND REASONABLE COMPENSATION TO THE EXCHANGE.  
SOUTHERN CALIFORNIA TELEPHONE COMPANY.

	C. R. C. Engineers' estimate for out-of-pocket cost of toll service, 1923		Reasonable compensation to the exchange for 1923.	
	Total out-of-pocket cost	In per cent of originating toll revenue	Total compensation	Basis of payment
A. Southern California Telephone Company performing toll operations—1923 method of operating applied to 1923 conditions:				
a. Direct toll expense	\$776,400 00	44 0%	\$776,400 00	
b. Toll expense common to toll and exchange service	120,600 00	6 8	157,900 00	
c. Interest				
Totals	\$897,000 00	50 8%	\$934,300 00	\$776,400.00 plus 2.5 cents per originating message
B. Southern California Telephone Company not performing toll operations—1924 method of operating applied to 1923 conditions:				
a. Direct toll expense	\$324,300 00	18 4%	\$324,300 00	
b. Toll expense common to toll and exchange service	120,600 00	6 8	157,900 00	
c. Interest				
Totals	\$444,900 00	25 2%	\$482,200 00	\$324,300.00 plus 2.5 cents per originating message
C. Actual compensation received during 1923 by Southern California Telephone Company from connecting toll companies	\$491,685 00	27 9%		

**Revenue.**

The company, in its exhibit, shows that during the year 1923, the total gross revenue from operation amounted to the sum of \$10,465,202. It sets forth figures showing that under the present rates the estimated revenue for the twelve months of 1924 would amount to \$12,745,000, and that under its proposed rate applied to the present operation of 1924, its revenue would amount to \$17,870,000. These revenue figures include amounts of \$580,000 and \$602,000 for toll revenue, respectively, and \$505,000 for miscellaneous revenues.

The Commission's engineering department from its studies estimates that the resulting revenue assuming the present rates for the entire year 1924 will amount to \$12,712,000. This amount includes exchange revenue of \$12,137,000 and toll revenue of \$575,000. The exchange revenue includes miscellaneous revenues amounting to \$482,000. If the company's proposed rates had been in effect during the entire year of 1924, according to the Commission's engineering studies, a total gross revenue of \$17,761,000 would have resulted. This amount includes exchange and miscellaneous revenues of \$17,011,000 and toll revenue of \$750,000.

The exchange revenues resulting from the application of the company's proposed rates for the year 1924, as determined by the company and the Commission's engineers, assumes no regrading of service



The rates as proposed by the company also assume separate exchanges being established at Montebello, Culver City and Beverly Hills, with toll rates applying to traffic between exchanges.

The toll revenue estimated by the company under both the present and its proposed rates has been determined in accordance with rates as set forth in connecting agreements effective prior to January 1, 1924. The Commission's engineers' figures for toll revenue assume that applicant will receive compensation covering the direct expense which it is required to expend in handling the toll service, together with a pro rata of joint expense. The sum of these two charges covering the out-of-pocket cost accruing to applicant in connection with the toll service were estimated to amount to the sums of \$575,000 and \$750,000, under the present and company's proposed rates respectively. These amounts are subject to further increase for proportion of fixed charges as heretofore set forth. The revenue figures as set forth by the company and the Commission's engineers submitted in this proceeding are shown in the accompanying Table No. 6.

Under present rates with toll charges as estimated to be reasonable herein, the revenue for 1924 should be approximately as follows:

Exchange revenue -----	\$11,655,000 00
Toll revenue -----	600,000 00
Miscellaneous revenue -----	482,000 00
	<hr/>
	\$12,737,000 00

When a change of any degree is made in the basic rate structure, a certain amount of regrading of service will result. If this change is an increase in rates, then certain subscribers receiving individual and two party service will select two and four party service. In determining rates, this factor of regrading must be considered in arriving at the total revenue which will be obtained by those rates. The rates set forth in the exhibit included in this order will take into consideration the question of regrading.

At the present time, toll service between Los Angeles and Culver City is furnished by The Pacific Telephone and Telegraph Company, and applicant receives a percentage of the gross revenue from messages originating in Culver City and on those originating in Los Angeles going to Culver City. The toll service between Los Angeles and Montebello, as required by this Commission in the order of its Decision No. 13624, is furnished by applicant. There appears no reason why applicant should not operate the toll circuits between Los Angeles and Culver City and furnish toll service between those two cities in the same manner as toll service is now rendered between Los Angeles and Montebello.

TABLE NO. 6.  
OPERATING REVENUES OF SOUTHERN CALIFORNIA TELEPHONE COMPANY.

Account	1923 book figures	S. C. T. Co. estimate of 1924 operating revenue under		C. R. C. engineers' estimate of 1924 operating revenue under		Reasonable revenue for 1924 under present rates
		Present rates	S. C. T. Co. proposed rates	Present rates	S. C. T. Co. proposed rates	
Exchange line.....	\$9,518,398 50	\$11,660,000 00	\$16,763,000 00	\$11,655,000 00	\$16,529,000 00	\$11,655,000 00
Toll service.....	491,082 55	580,000 00	602,000 00	575,000 00	750,000 00	600,000 00
Miscellaneous.....	455,121 31	505,000 00	505,000 00	482,000 00	482,000 00	482,000 00
Totals.....	\$10,465,202 36	\$12,745,000 00	\$17,870,000 00	\$12,712,000 00	\$17,761,000 00	\$12,797,000 00

**Licensee Revenue.**

Southern California Telephone Company is sub-licensee under The Pacific Telephone and Telegraph Company licensee contract with the American Telephone and Telegraph Company, the parent concern. Under this licensee contract, applicant pays to the American Company through Pacific Company  $4\frac{1}{2}$  per cent on that portion of its gross revenue, less uncollectible bills, determined in proportion to the ratio of Bell-owned instruments on its system to the total number of instruments in service thereon. The payment for 1923 was \$385,438.44. The company estimated that for 1924 this payment under present rates would be \$500,000 and had the rates which it proposed been effective for the entire year 1924, this payment would be approximately \$709,000. The reasonableness of this payment was the subject of considerable inquiry in connection with this proceeding.

Evidence as to value was presented by applicant and certain evidence as to cost by the city of Los Angeles. Applicant claims that it receives from the American Company, under this agreement, the following benefits and services:

- (1) Use of telephone transmitters, receivers, and induction coils, including repair and replacement thereon.
- (2) Use of rights under all patents owned or controlled by American Telephone and Telegraph Company, covering the use of telephonic apparatus, devices, methods and systems.
- (3) Benefit of research and development work carried on by American Company.
- (4) Right to use all methods, systems, apparatus, and instruments covered by patents owned or controlled by American Company, free from any royalty, damages and expenses on account of patents with the insurance against infringements, suits and a claim to indemnity in case of adverse claims under patents.
- (5) Organization to carry on fundamental work of research and investigation to the end that safety, economy and efficiency in business may be promoted.
- (6) Advice and assistance in all methods affecting operation.
- (7) Financial assistance.
- (8) Advice and assistance in administering Employees' Benefit and Accident Funds.
- (9) Universal connection with the telephones of the Pacific Company's system with all other telephones in the Bell System, and other companies.

Applicant presented, on its own initiative, evidence bearing upon the value of these services, mainly through Mr. Richard Sachse, consulting engineer. Additional evidence was presented through Mr. E. V. Cox, assistant vice president of the American Telephone and Telegraph Company, who was presented for cross-examination after

request by the Commission for additional information. Applicant refused, throughout the hearing, to submit any evidence relative to the cost to the American Telephone and Telegraph Company of rendering this service, contending that such information was not relevant and that as the American Company was not a public utility in California, this Commission could not require such information to be presented. Witnesses were called, after numerous requests and demands on the part of the Commission that more definite evidence be presented, who could throw some limited light on the subject of costs.

One hundred per cent (100%) of the stock of the Southern California Telephone Company is owned by The Pacific Telephone and Telegraph Company. The American Telephone and Telegraph Company owns 78 per cent of the stock of the Pacific Company. Applicant is operated practically as a "district" of the Pacific Company. The same attorneys and engineers represent both utilities and the evidence indicates that it is difficult for them to determine when they are working for one concern and when for the other. Men are shifted from one company to the other as a company shifts its men from district to district. The Pacific Company, in turn, operates for all intents and purposes, except as to separate legal entity, as a division of the parent concern, the American Telephone and Telegraph Company. The evidence clearly shows that the American Company dominates the local companies in matters both large and small. The licensee agreement, without question, represents a contract entered into between an administrative company—the American Company—and its local division company, which is under its supervision, control and domination. It is clear from the annual reports of the American Company to its stockholders that it operates as a centralized general administrative organization for all the associated companies, supervises and in some cases handles the financing of the local companies, supervises and passes upon the budgets of the local companies, revising them in the same general manner as would the head office of a large power utility or railroad company supervise and approve the budgets of their various divisions. It furnishes engineering, operating and other experts for the supervision of the division companies and maintains protective organizations in connection with patents, etc., looks after the public relations of the companies and prescribes (though it attempts to show that they are only suggestions) extensive and voluminous rules, regulations and practices for all of the associated companies. It is apparent from the testimony that it transfers its employees and officers from one company to another, depending upon the needs, without much more formality than would the head office of a large utility shift its staff from one division to another. One of the present vice presidents of the local company was, according to his testimony, transferred from the American Company head office to the Southern California Telephone Com-

pany, because of the local difficulties there. Matters of importance involving policies of the local company were not passed on or decided without representatives going to New York to confer with the head office.

Requests for information relative to the cost of rendering the licensee service were made upon the local company without any satisfactory results. We do not hold the local representatives at fault, for it is apparent that they are acting only as pawns in the hands of the administrative body, which has maintained them in ignorance of the administration of their concern.

The testimony of the company's witness, Mr. Sachse, in this case is that he was refused the right to investigate and report on the cost of operation of the American Telephone and Telegraph Company as it involves the local service. The evidence also indicates that, in his opinion, an important indication of the value of the service was the continued willingness on the part of the American Company to comply with any and all requests for assistance from the local concerns, it being his opinion that it had never refused such service. It is to be noted, however, that when the local company was asked by this Commission during the pendency of this case to request the presence of executives of the American Company to explain the operations of that company, this request was refused. Substitutes only were submitted, who proved not fully able or were not permitted to give the information demanded.

We must, at this time, seriously criticise the policy of the American Company in this connection. It urges as part of the value of its services the advice and suggestions relative to public relations and yet one of its practices encourages suspicion as to the fairness and reasonableness of its charges. We are convinced that as a practical matter, the operations of the American Telephone and Telegraph Company relative to service to associated companies should be subject to the investigation of the state commissions in the same manner and to the same extent as is the case in connection with other utilities and that this company should be prepared to present such evidence, relative to the cost of operation, as these commissions may deem fit. Such a policy would, we feel, bring with it results of real benefit both to the parent company and to its subsidiaries. Its beneficial effect on their public relations can scarcely be overestimated.

Under the licensee agreement the American Company leases to the local companies telephone transmitters, receivers and induction coils, these being parts of the telephone instruments required. This, in itself, relieves the local company of certain investment, and in addition, certain operating expenses. A reasonable rental for these should be allowed. The remaining services rendered by the American Company are comparable, to a large extent, with the administrative services.

including financing, engineering, research, development and supervision of the head office of any large utility. There is no question that it is in the public interest to have the coordinated system under one national management and that a real service is rendered by the administrative organization. The cost of rendering this service is not, in itself, the only factor to consider, but it is a matter which should be carefully considered in connection with any rate proceeding. It is not fair that the cost should exceed the value of the service, but it is apparent that if the cost is less than the value of the service it should have a bearing upon the cost of rendering service to the subscriber, just as should the cost of salaries, wages, and material have a bearing even if the employees are paid less than the value of their services, or material bought for less than the market price. Applicant urges that the value of the service far exceeds the payment and then proceeds to claim practically all of the improvements in the art of telephone equipment as directly caused by the Western Electric Company and American Company's organization, apparently attempting to show that such development never would have occurred were it not for the American Company organization. Without question much has been done and a service is rendered to the public by a coordinated system under one management and this organization is in public interest, but practically all other industries, such as the electrical industry, have been greatly developed, possibly to a greater extent than the telephone in the last twenty years, without the one controlling management.

Considering the services rendered to the local company, there is no question but that during the past two or three years it has received probably more service from the American Company than is, on the average, received by the various other associated companies. It would appear that this has been due, to a considerable extent, to the necessity created by the enormous growth in Los Angeles and also, we believe, to the failure on the part of the American Company during the years preceding to appreciate the situation and to render the service which the district required. It would appear, however, that considerable of this service was not rendered until after repeated requests from the local company and after the matter of service had been called to the local company's attention and orders issued by this Commission, and until after conditions had become very serious.

Some evidence was introduced relative to the cost of rendering service by the American Company by the city, through its engineer, Mr. J. J. Dillon. The 1923 annual report of the American Company to the Interstate Commerce Commission was introduced in evidence and an analysis submitted by Mr. Dillon, in which he attempted to segregate the cost to the American Company of rendering the service claimed under the licensee agreement. His testimony, with certain qualifications, was approved by Messrs. Hill and Wray, consulting engineers for

the city. Mr. Dillon's estimate of the cost of rendering the service approximated fifty (50) cents per station to cover fixed charges and operating expenses in connection with the rental of instruments, and fifty-one (51) cents per station as a charge for general staff services. After submission of the case and in connection with briefs filed, applicant submitted a tabular analysis of this exhibit, including several assumptions, by which the entire licensee charge might be justified on the cost basis.

Referring to Mr. Dillon's testimony, it is apparent to us that no adequate consideration was given to the question of the financial assistance given to the various associated companies, which has made possible the financing at a lesser cost of money than has been possible in general by local concerns. There also appears to be considerable doubt as to the correctness of arbitrarily charging one-half of the general miscellaneous expenses to the exchange service of the associated companies and one-half to the administration of the corporate entity of the Bell systems. It is apparent that if we are to give consideration to the ability of the local companies to obtain money at relatively low rates, as we believe should be done in this case, compared with the obtaining of moneys where separate independent companies are concerned, compensation must be paid for such costs as are incurred in obtaining these results. Applicant has obtained during the past two or three years relatively large sums of money through its connection with the American Company at a cost of approximately 6 per cent and this factor will, without question, have its effect upon what is a fair return for the services rendered. To obtain this, however, the public must bear its proportion of the necessary expense. Without question, as a separate concern not connected with the American Company, it would have been difficult, if not impossible, for the applicant to have financed its recent expansion of facilities under the conditions which have existed and that, if such financing had been possible, it would have been at a much higher cost. Mr. Dillon has also failed to include certain items for taxes which are chargeable to the rendering of the licensee service.

On the other hand, it is apparent that the analysis submitted by the company in its brief includes certain estimated costs, particularly costs of money, which do not appear to be justified from a general consideration of the matter. It has failed to consider funds from depreciation and has failed also to prove the fairness of its segregations.

The evidence indicates that a considerable portion of the services rendered by the American Company, for which the  $4\frac{1}{2}$  per cent charge is made, are incurred in connection with supervision, administration and planning of construction. A considerable portion of the charge should be prorated to capital account rather than charged up to the present consumers through operating expenses. Neither applicant's

representatives nor persons in the direct employ of the American Company, who appeared, were in a position to advise definitely on this matter. It is apparent, however, from the evidence, that the subscribers should not pay as operating expenses at this time, the total  $4\frac{1}{2}$  per cent charge. They should bear only that proportion which can reasonably be charged to operating expenses. As to what might be chargeable to capital, we do not believe that any of the capital now installed should be increased to cover any of the supervision costs until and unless applicant and its administrative body, the American Company, can submit adequate proof to this Commission of the cost involved in this service. At the present time and with the evidence before us, we must conclude that applicant is receiving fair treatment if it is allowed to include as a reasonable operating expense on the 1924 basis the sum of \$400,000 to cover these administrative and supervision costs.

#### **Expenses.**

Operating expenses estimated by the company for the year 1924, assuming the present and its proposed rates, are shown, by accounts, in Table No. 7 following. These expenses purport to show the actual expenses which the company believes it will incur under probable 1924 conditions.

During the first six months of 1924, applicant has been engaged in the completion of certain major construction work and has made certain changes in its method of operation, all of which will reflect in different expenses from those anticipated by applicant to occur during the period subsequent to the middle of this year. For these reasons the actual expenses for 1924 and particularly those of the first six months, cannot be used as a basis for determining reasonable rates without proper adjustment and allowances for changed conditions. The exhibits of estimated operating expense for the year, submitted by the Commission's engineers, assumed average conditions, which are anticipated, will exist during the latter part of 1924 and the year 1925.

In order to check the company's estimate of operating expenses for 1924, relative to their reasonableness, and to determine operating expenses upon which rates for the future may be based, the Commission's engineer's submitted estimates of expenses for the year 1924, assuming the present rates and also the company's proposed rates.

Comparison of expenses by months in the past and up to August, 1924, were submitted by the city and it is urged that the expenses of 1924 are abnormal and that lower expenses for the future may be expected.

The more important changes accounting for the difference between the company's and Commission's engineers' estimate of expenses and for which allowance and adjustment must be made are increase in operating efficiency, changes in toll operation, installation of call indicator



system, change in calling rate, establishment of measured service, and changes in number of directory issues.

The congestion and exceptional amount of construction work carried on by the applicant in the recent past, together with the confusion which has existed in the matter of rendering service, have resulted in an increase of operating expenses over those which otherwise would have been incurred. Although this has applied generally to all expenses, it has affected maintenance expenses to a greater extent than others. One of the reasons for the past unsatisfactory service has been a lack of proper maintenance. This condition has now been largely remedied, but we do not believe that this expense can be reduced in the immediate future to a figure lower than that found by the Commission's engineers and expect the company to render good service. In the past applicant has been urged to bring its plant into a better operating condition, particularly by this Commission and the city. It will be in the interest of all subscribers for the company not to further reduce maintenance expenses if it has to be done at the expense of the service.

Traffic expenses more than any other expenses will be affected by the changed operating conditions which have taken place during the past year. The taking over by the Pacific company of the toll operations heretofore performed by applicant has made it possible for Southern California Telephone Company to make a very substantial reduction in its traffic payroll expense. The installation of the call indicator system will not only result in a reduction in traffic expense, but also will make possible a great improvement in general service conditions. More favorable conditions now existing on the company's system, and which should continue in the future, will make possible greater efficiency in connection with the operating force, which will be directly reflected in lower traffic expenses. The establishment of measured service will without doubt produce a reduction in calling rate of these subscribers receiving this type of service, which will be directly reflected in lower operating expenses. The saving by the establishment of this service should greatly exceed any additional cost required in measuring the service and the interest and maintenance charges on the measuring equipment. The evidence would indicate a lower traffic expense for the immediate future than estimated by the Commission's engineers. We find that a reasonable traffic expense allowance is \$3,208,000, as compared with Commission's engineers' estimate of \$3,395,000.

From the evidence presented, we do not believe that the commercial expenses should be reduced below the figure found by the Commission's engineers. If the company is required to make any further reduction, it will probably have to be done at the expense of the service, which certainly is not in the interest of the subscribers and public. The commercial expense, as estimated by the Commission's engineers, assumes two directory issues per year. During the past, on account of changes

in operation, it has been necessary for applicant to issue more than this number of directories. In computing commercial expenses allowance for two directories has been made.

The company, in its exhibit, showing the estimated operating expenses for 1924, includes the sum of \$785,000 for taxes under present rates, and the sum of \$1,171,000 under its proposed rates. The state tax included in these figures is the amount actually paid to the state during the year 1924. The system of accounts authorized by this Commission requires a utility to report its operations for each calendar year. Operating expenses reported are not necessarily the moneys actually paid by the utility during the calendar year, but are the obligations incurred during that period. In the case of taxes, the amount being a lien on the property and which is due and payable in 1924 represents 5.5 per cent of the 1923 gross revenue. The allowance for state taxes in operating expenses for a particular year should, therefore, be determined by applying the effective tax rate to the revenue less uncollectible bills of the past preceding calendar year. On this basis the state taxes which will be allowed in the 1924 operating expenses amount to \$573,535. Applicant pays to the city of Los Angeles 2 per cent of its gross revenue within the city. It also pays taxes on the same basis to the other cities and the county within which service is rendered. For the year 1924, the city and county taxes are estimated to amount to \$211,000 under present rates, \$294,000 under the company's proposed rates, and \$250,000 under rates fixed herein. Other taxes paid by the company for capital stock tax, corporation tax and flood control tax, which are chargeable to operation in a rate proceeding, are estimated at \$11,000. In the past, applicant's operations have been such that it has not paid federal income taxes. Under the rates herein fixed, it is estimated that the federal income taxes which applicant would pay on the 1924 basis would amount to \$200,000, and this amount has been allowed as a reasonable operating expense in the determination of rates.

The following table, No. 7, sets forth the estimated revenue and reasonable expenses under present rates and adjusted operations on the basis of 1924 business.

Taking into consideration the estimated revenue under present rates and the operating expenses as herein found reasonable on the 1924 basis, it appears that the net earnings for return upon investment under present conditions would be approximately 1.93 per cent on the rate base.

Estimated revenue, 1924.....	\$12,797,000 00
Estimated operating expenses.....	11,666,000 00
Net for return.....	\$1,131,000 00
Rate of return on rate base of \$58,681,453—1.93 per cent.	

It is apparent that applicant is entitled to relief in the form of increased rates.

TABLE NO. 7.  
OPERATING EXPENSES OF SOUTHERN CALIFORNIA TELEPHONE COMPANY.

Account	1923 book figures	S. C. T. Co. estimate of 1924 operating expenses under		C. R. C. estimate of 1924 operating expenses under		Reasonable operating expenses, 1924 basis, under present rates
		Present rates	S. C. T. Co. proposed rates	Present rates	S. C. T. Co. proposed rates	
Maintenance.....	\$3,609,764.99	\$4,089,000.00	\$4,089,000.00	\$3,787,000.00	\$3,787,000.00	\$3,787,000.00
Depreciation.....	2,089,450.00	2,812,000.00	2,812,000.00	1,839,000.00	1,839,000.00	1,742,000.00
Traffic.....	3,710,000.00	3,943,000.00	3,943,000.00	3,358,000.00	3,358,000.00	3,358,000.00
Commercial.....	1,090,425.00	1,387,000.00	1,387,000.00	1,323,000.00	1,323,000.00	1,323,000.00
General and miscellaneous.....	188,858.75	234,000.00	234,000.00	224,000.00	224,000.00	224,000.00
Uncollectible bills.....	37,300.00	45,000.00	63,000.00	63,000.00	63,000.00	45,000.00
Taxes.....	620,039.36	785,000.00	1,171,000.00	821,000.00	903,000.00	833,000.00
Rent deductions.....	81,367.45	99,000.00	99,000.00	99,000.00	99,000.00	99,000.00
Amortization of landed capital.....	2,520.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
License revenue.....	385,438.44	500,000.00	709,000.00	511,000.00	694,000.00	400,000.00
Totals.....	\$11,875,584.72	\$13,897,000.00	\$14,510,000.00	\$12,010,000.00	\$12,333,000.00	\$11,668,000.00

**Service.**

The question of the service rendered by applicant has involved much consideration in previous proceedings and in the decisions rendered by this Commission. In this Commission's Decision No. 12733, dated October 23, 1923, in Application No. 8145, the Commission found that the service to the existing subscribers, as of that time, was not satisfactory, and that the service had only slightly improved over that of the preceding year, and this condition was also practically admitted by the company's own witnesses. The Commission further stated that the purpose of that proceeding was to find methods and means to improve telephone service in the city of Los Angeles as rapidly as possible. The Commission, from its investigations, was convinced that the local organization in Los Angeles was endeavoring, with the limited means at hand, to meet the situation. It was not convinced, however, that the plans which the company, or the parent companies controlling applicant had been following in the past, were adequate to meet the continually increasing demands for telephone service in Los Angeles.

Prior to that decision, the Commission had already informally directed the company to materially increase the program of development, and the Commission in that proceeding ordered the company to submit to it a definite and adequate program to meet the growing demands made upon it and to give adequate assurance to the Commission of its determination and ability to carry out that program.

At the time of that decision, the company had on hand 22,722 orders for service which it was unable to take care of. Since that time the company has been actively engaged in the installation and construction of basic plant, and, as a result, the total number of held orders has decreased at the rate of approximately 1200 per month, and as of October 20, 1924, the number of held orders totaled 9051. This is equivalent to 3.6 per cent of the number of stations being served as compared with 10.9 per cent, as of October, 1923. This number of held orders includes those held on account of buildings not being ready for occupancy, and also the number of orders in process of installation. Making allowance for these two items, leaves a number of held orders of 4663, which represents the number of uncompleted orders which have not been installed as of October 20, 1924. This number of held orders is 1.7 per cent of the total number of stations in service as of that date.

The quality of service furnished by a utility to its subscribers is reflected in the aggregate number of complaints which are made by the subscribers, and in the maintenance and operating troubles experienced by the utility. This Commission has carried on an exhaustive investigation which would give the necessary data to determine the quality of the service rendered. One measurement of the quality of service

being furnished by applicant is indicated by the relative number of so-called "subscribers' complaints." Although these "subscribers' complaints" are not indicative in themselves, the relative magnitude of the number over a given period of time, when considered in connection with the conditions existing, has a very important value.

During the year 1923, the number of "subscribers' complaints" averaged approximately 480 troubles per 1000 stations per month. In connection with the automatic equipment and operation, the number of troubles averaged approximately 750 per 1000 stations per month, while in the manual system the average was 250 per 1000 stations per month. Commencing with the latter part of 1923, applicant's service has continued to improve, which is indicated by the reduction in subscribers' troubles. These troubles have been reduced to such an extent that at the present time the average is approximately 130 troubles per 1000 stations per month. This fact, together with the other information or data which this Commission obtains continually, indicate to us that the service now being furnished by the applicant to its subscribers is satisfactory. The testimony on the subject of both the Commission's and the city's witnesses is definite to the effect that good service is now being rendered.

An investigation was also made by this Commission's engineers relative to the status of degraded orders for service. During the period from November, 1923, to September, 1924, 53,700 connect orders were received. In completing this number, 3097 orders provided a service of a lower grade than that for which the subscriber applied. As of September, 1924, of the original number of degraded orders, 2228 still remained degraded. In view of the much improved service now rendered a good many are without doubt satisfied with the present service and would not change to a higher grade if offered. This does not indicate at the present an unsatisfactory condition.

This Commission in its Decision No. 12733, established a credit allowance rule directing the company to provide for a credit allowance to subscribers in all cases of lapse in service. The order in that decision provided for an allowance of 20 per cent of the monthly exchange service bill for each day of out of service for the first five days of such out of service occurring during each month. This penalty was authorized due to the poor service which applicant was rendering at the time this decision was issued. Subsequent to the issuance of this decision, rules and regulations have been authorized for applicant and they have also been put into effect in many of the other utilities operating throughout the State. These rules now in effect for The Pacific Telephone and Telegraph Company, as well as other utilities, provide a credit allowance for each day out of service, 1/30 of the monthly

exchange charge. The service now furnished by applicant to its subscribers appears to be such that the penalty for out of service heretofore ordered should be modified and made similar to the rule now in effect on the system of The Pacific Telephone and Telegraph Company. The order following will so provide.

**Rate of Return.**

It is argued by counsel for applicant that inasmuch as money costs the American Telephone and Telegraph Company approximately 7.73 per cent, it follows that the Southern California Telephone Company could not get money on better terms and that an 8 per cent return is the lowest rate possibly justifiable under records before the Commission. This apparently refers to the historical cost as the rate base, instead of the estimated fair value submitted by the company. Applicant submitted exhibits showing that under the rates which it proposed and its operating expenses, including depreciation computed on the straight line basis, the net earnings for return would be approximately 5.1 per cent on its claimed rate base of \$66,147,000.

The city of Los Angeles and the General Citizens' Telephone Committee in their brief conclude that a return of 7 per cent would be fair and liberal to the Telephone Company and that a somewhat lower return would not be unjust and would not prevent the flow of money to the Southern California Telephone Company needed by it for further additions and betterments. In determining a reasonable rate of return, the rate base on which the return is computed of necessity has a bearing upon the percentage which is reasonable. If a large assumed value, including construction work in progress, is used as the rate base, or if a cost new is used and depreciation determined on the straight line basis, without question a lower rate of return would be reasonable than if the historical cost of the used and useful property is used and depreciation determined on the sinking fund basis.

In previous decisions this Commission has stated that until applicant was in a position to render a normally efficient service, it should not expect to receive a full fair return. Since that time, the company has improved the service to an extent which justifies a fair return upon the property used and useful in the public service.

It is urged by the city and the General Citizens' Telephone Committee that the tendency in the future will be for the operations of the company to become more efficient and possibly the investment per station reduced so that rates now fixed will tend to result in a greater net return than estimated on the 1924 basis. Applicant is just emerging from a period of reconstruction of plant, and the future should present possibilities of greater consolidation and coordination of its system and operations. The result of the complete measurement of

business service should tend to increase the net revenue over that during the transition period in 1925, although no great increase in net earnings can be expected from such economies, as the estimates of operating expenses found reasonable herein on the 1924 basis take into consideration expected economies which applicant should realize in the immediate future by efficient operation. We are convinced, however, that, using the 1924 basis as a measuring stick to determine reasonable rates, the return estimated from the rates fixed might be, on that basis somewhat less than a full return, it being expected that during 1925 and with the complete measurement of business service in 1926, some increase in net revenue will occur. The rates herein found reasonable would result, applied on the 1924 basis herein used, in an estimated return of approximately 6.5 per cent on the rate base. It is expected that in the future with increased efficiency and coordination of its system, applicant should earn a greater return.

#### **Rate Plan.**

One of the most important problems in this proceeding is the establishment of a basic rate structure to meet the demands for service which will result in an equitable distribution of charges between subscribers and return to applicant a total revenue to which it is entitled. In addition to the above requirements, the rate structure must be practicable. The rapid growth of the city of Los Angeles with its expansion has not only placed before the company a difficult problem in construction and operation, but brings up at this time the necessity of a very thorough study into the most satisfactory telephone rate plan to be made applicable to the present and future requirements of the community. The rate structure heretofore in effect is becoming inadequate and obsolete in a large metropolitan area such as Los Angeles. It is apparent that all parties to the proceeding who have seriously considered this matter are convinced that either at the present or in the reasonably near future some very definite changes in the rate structure will be necessary, both for the benefit of the public and the utility. With this in view, four different plans were proposed in the course of the proceeding:

##### *1. Southern California Telephone Company's Plan.*

The company proposed in general a continuation of the present arrangement with the introduction of a measured service for business and private branch exchange service, the establishment of local exchange areas in the communities of Montebello, Beverly Hills and Culver City, with toll rates between areas, and the establishment of a foreign exchange service which would enable a subscriber in any exchange to receive direct service from any other exchange.

## 2. *Los Angeles City's Plan.*

The city of Los Angeles proposes that the entire area now served by the company be made into one exchange area with uniform rates applying throughout.

## 3. *Commission's Engineers' Plans.*

The plan submitted by Mr. W. J. Dodge, telephone and telegraph engineer of the Commission, proposes to divide the territory of the applicant into a number of zones, in such a manner that a subscriber of the central or metropolitan zone would have a local or direct service to all subscribers in all other zones, and a subscriber in any one of the surrounding zones would have a local or direct service to the subscribers of his own and to subscribers of the central or metropolitan zone.

This plan is suggested with a view to more equitably divide the charges between the various subscribers commensurate with their use of the service in the different zones.

## 4. *City of Beverly Hills' Plan.*

Mr. G. R. Kenny, representing the city of Beverly Hills, proposed a modification of the plan submitted by Mr. Dodge, in which the number of surrounding zones would be made fewer.

Each of the plans suggested has certain advantages and disadvantages. At the present time the territory served by applicant consists of one exchange area except for the Montebello and the Culver City areas. It is a generally accepted fact that as the number of subscribers of any particular area increases, the rates for service must increase. It must also be admitted that, as the territory develops and the population increases, changes in different sections occur to the extent that the community interest requires, in some cases, consolidation of exchange areas, and in others separation. Where the territory is served as one exchange area under flat rates, the rates will ultimately become so high as to discourage, to a very great extent, the use of the service by the smaller users, while, on the other hand, the greater users of the service and the subscriber who has a general demand for service throughout the entire area will be able to secure service at relatively low rates.

It appears that the general consensus of opinion of the Commission's engineers, the city and the company is that ultimately a new rate structure must be provided. It is the position of the company, apparently, that no changes other than those proposed by it should be made at the present time. The city's position, as urged in its briefs, is for a continuation of the present rate structure with no modifications, except such change as may be necessary on account of possible increase in revenue, and that further study be had and a proceeding held open for a more complete determination before any definite change is made.



The zoning plan, as proposed by Mr. Dodge, appears to have much in its favor as the basis for the ultimate solution of the telephone rates in Los Angeles. The territory served by Southern California Telephone Company consists of a central, or business section, surrounded by a number of sections, each of which has an interest to a varying degree in the central or metropolitan district and a relatively small interest in the other surrounding districts. This means that there is a considerable demand for telephone service by the subscribers and public in this central district with the subscribers in each of the surrounding districts. The demand for service in the surrounding districts, in general, is largely with its own community and with the metropolitan or business section, with a relatively small demand for service between outlying sections. This zoning plan was designed to meet this particular condition. It contemplates that the total area now served by Southern California Telephone Company be divided into a number of areas, including in the metropolitan area the downtown district of Los Angeles, and in the surrounding areas, Beverly Hills, Culver City, Huntington Park and Vernon and adjacent territory south of the business district of Los Angeles, Montebello and adjacent territory east of Los Angeles, South Pasadena and Eagle Rock, including territory northeast of Los Angeles.

Without question the city of Los Angeles is now reaching the stage where the continuation of the single area principle will not result in an equitable distribution of charges among the various subscribers. This is very well illustrated in the establishment of an exchange at Montebello and in the request of the company to establish separate exchanges at Culver City and Beverly Hills. The establishment of an exchange area within fully built-up community results in many difficulties on account of the boundary lines created. This condition, it appears, can be much improved by a zoning plan in general along the lines suggested by Mr. Dodge. Without going into the details of the merits of this plan at the present time, for the reason that sufficient evidence is not at present before us to justify fixing the rates along this basis, we are convinced that a zoning plan in general on the lines proposed will be required in the ultimate solution of the Los Angeles telephone situation. The company must now look forward to the establishment of the zoning plan and should begin to construct its plant and to lay the necessary foundations for such operation. It is realized that before any definite determination of zones can be arrived at that considerable study and investigation will be necessary. These investigations and studies should not, however, be delayed but should commence at once. The scheme should be a practical solution for carrying on telephone service in a

large congested community such as exists in Los Angeles and its immediate surrounding cities.

Although it appears that no particular plan can be adopted in this proceeding, the evidence does indicate that certain changes and modifications as herein set forth should be made for the benefit of the present subscribers and as preliminary steps to the final solution of the problem.

#### **Measured Service.**

The company, in its application, requests authority to establish measured rates for business service as an optional schedule to the present type of flat rates. The proposed rate schedule sets forth an increased flat rate for business service together with an optional measured rate. The company does not propose to introduce measured residence service, and it appears to be the consensus of opinion of the Commission's engineers and of the city that there is no justification for measured residence service. The city and many subscribers having a heavy demand for service urge the continuation of the present form of flat rates. The Commission's telephone engineers took the position at the hearing that measured rates for business service should be instituted in order that the charges might be more equitably divided among subscribers. It was pointed out that the flat rate for business service is becoming so high of necessity that it is resulting in an unfair burden being placed on the subscriber requiring only a limited telephone service, while the telephone subscriber using this service to a greater extent is receiving an unfair advantage in the general distribution of the charges for service.

The Commission's engineers urge that an optional measured rate can be considered as a temporary expedient only and that, in fairness to the majority of the subscribers, measured service to all business service must be contemplated as soon as practicable. From the evidence it appears that the question of measured business service is greatly misunderstood, and the true value of this method of charging has been lost sight of. The public has accepted the equities of measurement of other classes of service. Practically all cities in the United States of comparable size to Los Angeles already have measured telephone rates for business service. In the determination of whether measured service should be effected it is necessary to consider the relative charges under flat rate service compared with the value of the service rendered, as well as the cost of such service. As the number of telephones in Los Angeles increases, the variation in use of the telephone service by business subscribers becomes greater. The use of an individual business line service varies from a few calls to as high as 1500 calls per month. The subscriber whose requirements are limited to a few calls per month

finds his rate on a flat-rate basis materially out of line with the service required or received. It appears impossible, on any flat rate basis, to vary the charges equitably between the small user and the large user.

We find, from the evidence in this case, that the establishment of measured rate for business service will be to the benefit of the public generally and that this measured service should be made available at once.

During the period of transition from flat rate type of schedule to measured rate, it will be necessary temporarily to apply some sort of flat rate, particularly during the period of the installation of the necessary metering equipment. The company has, at the present time, a few lines equipped with measuring apparatus, and it appears that the company can equip all business lines with the necessary measuring equipment within a period of approximately eight months from the time general installation is commenced. There are at the present time approximately 30,000 individual business telephone lines and 11,000 commercial and hotel private branch exchange trunks. The order in this proceeding will provide that the company commence immediately the installation of metering equipment and make available at once measured service for business and private branch exchange service, and that during the year 1925 these subscribers may have the option of selecting either the measured service schedule or the flat rate schedule. On January 1, 1926, the flat rates for these services will be discontinued. During the months of September, October, November and December of 1925, applicant will be required to render two bills to each business subscriber and private branch exchange subscriber receiving flat rate service during that period, one showing the charge under the measured rates, and the other the charge under flat rates. In this way the subscriber will have full information relative to his use of the service and the corresponding charge under the measured rate, and he will be able to make any adjustment in his own operations before being required to pay the measured rates. The company will also be required to submit to the Commission periodic statements showing the rate at which the measuring apparatus is being installed.

Under the measured rates, only individual line service will be furnished. During the transition period and until January 1, 1926, it will be necessary to retain a two-party flat rate to properly care for the present two-party business subscribers. These subscribers should arrange to take individual measured service, during this time. The company should not add to its system any additional two-party business subscribers.

**Foreign Exchange Service.**

One of the requests of applicant in this proceeding was for authority to establish a foreign exchange service which will allow a subscriber in any area to obtain a direct or local service from any other exchange, provided, certain conditions are complied with. As an illustration of the application of this type of service, a subscriber in Montebello would be able to obtain direct service from the Los Angeles exchange by the payment of a foreign exchange rate and by fulfilling the special conditions connected with this rate. The establishment of this service will meet the demand of certain parties appearing in this proceeding in that it provides a means for obtaining Los Angeles service outside the Los Angeles area.

Simons Brick Company filed a formal complaint, Case No. 2026, with this Commission on July 25, 1924, requesting this Commission to require Southern California Telephone Company to render to it a private line service between its plant at Simons, located within the Montebello exchange area, and its Los Angeles office, located in Los Angeles exchange area. At the time this complaint was made there had been no discussion or mention of the foreign exchange service, and the Commission felt that until all its investigations, which it was making in connection with this proceeding, were completed there was no reason why the Simons Brick Company's request should not be granted pending the final decision in this proceeding. This matter was so decided.

This request of the Simons Brick Company illustrates the conditions which the foreign exchange service is contemplated to meet, and for such conditions it appears that a foreign exchange rate will give the subscriber the service which is desired. Although the establishment of a foreign exchange service represents a departure from previous procedures, there is no question but that this service will adequately and very satisfactorily meet the demands of certain subscribers. Its success will depend largely upon the extent to which this service is used. This service is strictly a substitute for toll service and, if it becomes too extensive, will be seriously detrimental to the general service and may result in extra burdens on the service as a whole. The rendering of this service will, in general, violate economical construction principles and will also require the use of lines equivalent to those of a toll lead with possible uneconomical use. Foreign exchange service will be a success only as long as the number of such services is relatively few. This service should only apply to the exceptional case, and the conditions of the rate must be such that there will not be a general demand by any group of subscribers for the service.

The company, in requesting the establishment of this service, has included certain qualifying conditions, which provide that the service will be rendered only when circumstances warrant and when it does not

impair the service furnished to the general public, or where facilities are not available, and further, shall be rendered only by such means as may be best suited to meet plant and operating requirements and that additional charges may be made when special operations are required. These conditions further provide that joint user service be not permitted, and also, that the subscriber must subscribe for local service from the exchange within which he is located. We are at a loss to know the exact purport of some of these qualifying clauses. If applicant be allowed to furnish foreign exchange service, it must render it and be in a position to furnish the same upon demand, in the same manner as any other regular service is furnished. No provision limiting the use to those instances which, in the opinion of the company, warrants the establishment of the service where facilities and equipment is necessary, will be allowed by this Commission. This service, if it is to be furnished, should be quoted as a regular service for a definite charge and available upon demand of a subscriber. Under no other conditions will we authorize this rate to be established. The requirements placed upon this service by the company, providing that the foreign exchange subscriber be required to subscribe for the local service from the exchange within which he is located, can not work any unreasonable hardship on him, and it is fair and just to the local subscribers in that exchange that telephone conditions be available without toll.

We believe that there is a real demand for foreign exchange service, and that its establishment will satisfy certain needs heretofore not taken care of. Applicant at the time it made its request for foreign exchange service stated that it was willing to render Los Angeles service in any other exchange located anywhere throughout the country. The establishment of foreign exchange service beyond the boundaries of the territory now served by Southern California Telephone Company can only be done after further proceeding before this Commission, which will involve not only applicant, but the other operating telephone utilities serving those areas. The establishment of foreign exchange service in this proceeding must be limited to the present exchange areas of the Southern California Telephone Company.

The complaint of those few subscribers in the Glendale area having an exceptional demand for Los Angeles service would, however, be satisfied, provided foreign exchange service could be rendered therein. The Pacific Telephone and Telegraph Company furnishes telephone service within the Glendale area. In order that subscribers located in Glendale may have Los Angeles service, we suggest, therefore, that applicant arrange with the Pacific Company for the rendering of foreign exchange service throughout the exchanges served by the Pacific Company, adjacent to applicant's territory.

The rates for this service, applying in contiguous areas, as proposed by the company, are computed on the basis of the local rate from which the foreign exchange service is rendered, plus a mileage charge based upon the distance from the boundary of that primary rate area to the exchange area boundary, plus another mileage charge based upon the distance from the exchange boundary to the subscriber's premises.

A foreign exchange service is, in reality, a service competing with toll service, and the rate for this service should take the paralleling toll rates into consideration. An equitable basis for this rate is a charge dependent upon the toll distance between exchanges. However, for adjacent exchange areas, this would result in an abrupt increase in charges for those subscribers just over the border line. In order that this sudden increase might not take place, and inasmuch as the foreign exchange rates in this proceeding are only to be fixed for Los Angeles service furnished in the Montebello and Culver City exchange areas, and Montebello and Culver City service in the Los Angeles exchange area, it appears reasonable to fix these rates by adding to the local rate and local mileage of the foreign exchange a mileage charge based upon the distance between the subscriber's premises and the foreign exchange boundary.

#### **Separate Exchange Plan.**

The company has proposed the establishment of separate exchanges at Montebello, Culver City and Beverly Hills. The establishment of a local exchange at Montebello has been during the early part of this proceeding the subject of considerable discussion, particularly with the people in various organizations of Montebello, and as a result the city of Montebello, together with the Chamber of Commerce, did petition this Commission to allow applicant to establish there immediately a separate exchange. The Commission, after a careful investigation of that matter, was of the opinion that the subscribers of Montebello would be better served by the establishment of a separate exchange at Montebello, and that such procedure would be in the interest of the telephone subscribers of the Los Angeles exchange. Acting upon these requests, the Commission did, on May 28, 1924, issue its Decision No. 13624 (24 C. R. C. 958), ordering applicant to establish an exchange area to include the city of Montebello and adjacent territory. The Commission also fixed local rates for subscribers within the Montebello area, and established a toll rate for messages between Los Angeles and Montebello.

In the Montebello decision definite boundaries for the primary rate area and exchange area were fixed. In the hearings following the issuance of this decision the location of the exchange boundary lines has been the subject of some discussion, and considerable evidence to

the effect that certain sections located in the suburban area of the Montebello exchange south of Whittier boulevard and east of the westerly exchange boundary are being subdivided for industrial purposes, and the desire of those interested in these sections is for Los Angeles service. These parties further claim that there will be no particular demand for Montebello service. From our investigation of this condition and also from experience in similar instances, it appears that there will be a demand for both Los Angeles and Montebello service. Such industrial concerns as may establish their business within the Montebello area may have a need for direct Los Angeles service, and very probably they will also themselves desire to have Montebello service in addition. Residences, together with small businesses which will locate within this section, will probably find Montebello service satisfactory. With the establishment of a foreign exchange service both Los Angeles and Montebello service will be available to those desiring either or both services, and we believe that the complaints in connection with this matter will be satisfactorily taken care of, and, further, that the primary rate area and exchange area boundaries should remain as fixed by this Commission in Decision No. 13624.

This Commission has made careful investigation of applicant's request for establishment of an exchange at Beverly Hills. It does not appear that at the present time the needs and demands of applicant's subscribers, particularly those in Beverly Hills, will be met by the establishment of a local exchange. Beverly Hills is not now a separate community, such as Montebello or Culver City, it being in fact practically a residential section or suburb of the city of Los Angeles. It is true that Beverly Hills is separated from Los Angeles almost in the same way as Montebello, but this should not be the sole deciding factor in determining whether or not it should be established as a separate exchange. It is also true that by retaining Beverly Hills within the Los Angeles exchange area, the local rates will be considerably higher than if Beverly Hills was included in a separate exchange.

The zoning plan, as proposed in this proceeding by Mr. Dodge, would be an ideal method of furnishing telephone service to the Beverly Hills area. This zoning plan will meet practically all of the requests made by the Beverly Hills representatives in that the subscribers would be so grouped that a local service would be available, and in turn Los Angeles subscribers would have a direct local service with Beverly Hills. At the present time Beverly Hills is located outside the Los Angeles primary rate area. This means that Los Angeles service furnished in Beverly Hills is rendered at the Los Angeles rates plus mileage charges based upon the distance from the primary rate area to the subscriber's premises. We believe, from consideration of evidence

before us, that applicant should continue to render service to the Beverly Hills and Sherman area on the basis of it being a part of the Los Angeles exchange area, until such time as the zoning plan may be made effective.

At the present time applicant is rendering service to the subscribers in Culver City under a very peculiar arrangement. A subscriber has the choice of selecting a local service or else a combination of local and Los Angeles service. As an illustration of this condition, a business subscriber of Culver City may obtain individual business service for a monthly charge of \$2.75, for which he is entitled to local service to all Culver City subscribers. For Los Angeles calls he is required to pay in addition a minimum toll charge of 10 cents per message. The optional schedule which this subscriber may select would allow him, for a monthly charge of \$13.50, unlimited service to Culver City and Los Angeles subscribers without the payment of the additional toll charge. Likewise, the corresponding rates for individual residence service under the two methods are \$2.25 and \$8.25, respectively. From our investigation of this matter it appears that the demand of the Culver City subscribers is not sufficient to warrant the added expense necessary in rendering general Los Angeles service. There are a few subscribers in Culver City having a relatively large demand for service, and particularly Los Angeles Service. These subscribers, together with their telephone use, should not necessarily be controlling in determining the most satisfactory method under which service is to be rendered to the other subscribers. A large majority of the Culver City subscribers have a need for Culver City service and very little need for Los Angeles service. For these people a separate exchange is more satisfactory and will result in a minimum charge for their use. Those subscribers who demand Los Angeles service are relatively few, and they may obtain this service by means of the foreign service schedule, even though an exchange is established at Culver City. We find that the Culver City exchange area should be continued as a complete separate unit.

At the present time both the Southern California Telephone Company and the Home Telephone and Telegraph Company of Pasadena are furnishing service in the city of South Pasadena, and any subscriber in that area may obtain service from either company or both. The city of South Pasadena is located outside of the primary rate area of the Los Angeles exchange and service is furnished by applicant under the Los Angeles rates plus an average mileage charge. The application of the zoning plan would be ideal under the conditions existing in South Pasadena, and in this respect South Pasadena is very similar to Beverly Hills. There appears to be no reason why the present



method of rendering service in South Pasadena should not be continued, and the rates fixed in this proceeding contemplate no modification being made at this time.

Certain subscribers and applicants for service now located in the Glendale exchange area north of Los Feliz boulevard and west of the Southern Pacific Railroad between the city of Glendale and Griffith Park, represented by Mr. W. W. Clary, requested that they be included in the Los Angeles exchange area and be given Los Angeles service. At the present time the boundary between the Los Angeles and the Glendale exchange areas is the center line of Los Feliz boulevard. The establishment of any boundary line, particularly through a developed section, results in a certain amount of difficulty. Where a boundary line must extend through a developed territory, the resulting difficulties may be kept to a minimum, provided the boundaries are not extended along center lines of streets, but located a distance back from the streets or along the rear of the property joining those streets. In this particular case it is our suggestion that the boundary line be moved from the center line of Los Feliz boulevard to a new location three hundred feet north of the center line of Los Feliz boulevard. The relocation of this boundary in this manner will satisfy those complainants who are located on Los Feliz boulevard. The balance of the territory included in a request from Mr. Clary extends for a distance approximately two miles north of Los Feliz boulevard, and is at the present time wholly within the Glendale exchange area and is being served from the Glendale office of the Pacific Telephone and Telegraph Company. To require applicant to include this territory in the Los Angeles area would work not only an injustice to the present Glendale subscribers within the area, but would require a duplication of plant which does not appear to be warranted without breaking down the principle of rate fixing heretofore followed by this Commission. Those few subscribers who have an exceptional demand for Los Angeles service may obtain this service under the foreign exchange schedule. We believe that with the modification of the boundary line as herein discussed, and with the establishment of the foreign exchange service, complainants' requests will be satisfactorily taken care of.

The Commission's engineering department has also suggested a modification in the boundary of the Los Angeles exchange area which, at the present time, divides the Forest Lawn Memorial Park. This matter has been the subject of an informal complaint before this Commission, and it appears that the small portion of these grounds now located outside should be included in the Los Angeles exchange area. Applicant should make this modification.

The city of Los Angeles has requested certain modifications in the exchange and primary rate area boundaries. Among other things it

suggests that the northerly exchange boundary be extended to include Universal City. At the present time Universal City is being furnished telephone service by applicant under a deviation from its regular rates. It appears that the establishment of foreign exchange service will satisfy this request, as this schedule will allow Universal City to continue to receive direct Los Angeles service.

The city further requests the extension of the primary rate area boundary to include the section now in the suburban area in the southwestern part of Los Angeles and also a section just east of the city of Beverly Hills. The Commission's engineers have made an investigation of the location of the primary rate area boundary and have set forth their suggestions in this proceeding. The establishment of a primary rate area boundary is merely an arbitrary division used in determining the proper spread of rates between those subscribers within and outside of the primary rate area. Inside the primary rate area the charges for a particular service are identical for all subscribers. The subscribers outside of the primary rate area may receive the service rendered within the primary rate area under the primary rates plus mileage charges based on the distance between the subscriber's premises and the nearest point on the primary rate area. In addition to this service a suburban service is also furnished for a fixed rate to all subscribers. As the primary rate area is enlarged, the effect for a constant gross revenue is an increase in the average rate to those subscribers within the primary rate area. With a contraction of the primary rate area, the reverse is true.

Granting the city's request for the extension of a primary rate area will have the result of making it necessary to slightly increase all rates within the primary rate area above those rates which assume no extension of the primary rate area. The proposal made by the Commission's engineers makes certain changes in the present exchange and primary rate area boundaries with a view to eliminating existing inequalities. We conclude that these changes as proposed will result in an equitable distribution of charges among the various subscribers involved and should be made by applicant.

#### **Rates.**

Applicant has submitted in evidence a proposed schedule of rates. This proposal contemplates flat rates applying to residence service and flat rates, together with optional measured rates, for individual business line and commercial private branch exchange service. Service to hotel private branch exchange service is proposed to be furnished entirely on a measured service basis. Applicant's proposal also contemplates the establishment of separate exchanges at Montebello, Culver City and Beverly Hills, together with a foreign exchange service which will

allow any subscriber to obtain a direct or local service to any other exchange. Although applicant stated that the measured service rates are to be purely an optional rate, it has hesitated to say whether it believes that the optional method should be permanent or whether it has in mind later to request the abandonment of the flat rate.

The increase in exchange rates, which applicant is entitled to receive, must necessarily be obtained from the residence, business and private branch exchange subscribers. With the enormous growth of Los Angeles, the differentials in charges of the present rates applying to these classes of service have become such that the residence subscribers are paying more than their proportionate share, and the business and private branch exchange subscribers—and particularly the latter—are paying much less than their proper share. As a community grows, the value of telephone service to business subscribers increases at a very much faster rate than to residence subscribers. In fact, the value to residence subscribers soon reaches a maximum at which point an increase in rates in general will result in a decreased use of service, accompanied by a decrease in revenue.

The rates herein fixed contemplate the readjustment of the differential not only between the different classes of service, but also between the various grades of service under each class.

From the evidence it does not appear that the spread of the increase in the rates requested by applicant, between the residence, business and private branch exchange service, can be justified. We do not believe that the rates for residence service, under the existing conditions now prevailing in Los Angeles, should be increased to the extent suggested by applicant.

The company's and the Commission's engineers, in their exhibits showing estimated revenue for the year 1924, under the proposed rates, did not consider any regrading of service which, without question, will actually occur if an increase is made in rates. When the rates herein fixed for residence service become effective some of the subscribers now taking individual service will change to two-party and four-party service, and certain of those now taking two-party service will change to four-party service. The regrading which will take place will result in a reduction in gross revenue below that estimated and an allowance for this must be made.

Applicant has suggested that the residence rates be increased for individual line service from \$3.75 to \$5.50 per month, for two-party service from \$3.00 to \$4.25 per month, and for four-party service from \$2.25 to \$3.25 per month. These rates in each case apply to wall telephones. The rate for desk telephones is 25 cents higher than the corresponding rate for wall telephones. The rates herein fixed for

residence service are \$4.75 per month for individual line service, \$3.50 per month for two-party service, and \$2.75 per month for four-party line service. These rates compare favorably with rates for residence service furnished in other cities of comparable size. The monthly rate for individual line flat rate service is \$5.50 in Baltimore and Pittsburgh, \$4.50 in Cincinnati and St. Louis, and \$5 in Washington. The minimum monthly rate for residence measured service is \$5.50 in Boston, \$5 in Cleveland and Detroit, and \$4 in Philadelphia.

The company has asked that the business flat rate be increased from \$9 to \$12.50 per month, and has also requested the establishment of an optional measured service rate of \$5.50 for 70 messages or less per month, 5 cents per message for the next 130 messages and 4 cents for additional messages. The rates herein fixed will provide an optional measured service rate of \$5.50 per month for 75 messages or less, 5 cents per message for the next 100 messages, and 4 cents for additional messages. The term "message" as herein used means a completed exchange call to the number desired. Busy calls, wrong number calls, company calls, including information calls, trouble calls and calls to long distance, are not referred to as a message and will not be charged for under this schedule.

As heretofore stated, we believe that flat rate service for individual business line and commercial private branch exchange service should be continued only until measured service can be established and the subscriber be given ample opportunity to become familiar with the new rates and their application. The rates herein fixed contemplate that on and after January 1, 1926, individual business line service and all private branch exchange service in the Los Angeles exchange area shall be furnished only under measured rates. The measured rates herein fixed for business service will result in a reduction in charges compared with the present flat rates to a considerable number of users and to those business subscribers having a relatively small demand for service. Those subscribers having a large demand for service will have their rates increased and under the measured rates the increase will be nearly in proportion to the number of telephone calls made.

As in the case of the individual line business service, it will be necessary to retain a flat rate for commercial private branch exchange service until January 1, 1926. During the year 1925 a subscriber may elect to take this service under either the flat or measured schedule of rates.

The company has asked for a measured rate applying to commercial private branch exchange service, which includes a rate of \$12 for the first trunk with 200 messages, \$3.50 for each additional trunk without messages, and 4 cents for each additional message. The rates herein

fixed provide a trunk charge of \$8 for the first two trunks, \$3 for each additional trunk, and 4 cents for each message.

The proposed hotel private branch exchange rates herein fixed contemplate that this service shall be furnished under a measured rate. This schedule provides no charge for trunks, but includes a 5-cent rate for each message.

The company has asked for a 25-cent charge for all dials except switchboard dials used in connection with private branch exchange service. In Los Angeles the company's equipment is both manual and automatic and either may be installed by the company and the subscriber has no option of selection. A subscriber having a private branch exchange, which is connected to a manual office, may set up a number of night connections equal to the number of trunks, and in this way service may be had over each without a local private branch exchange operator being in attendance. In order to get this same service when the private branch exchange switchboard is connected to an automatic office, dials are required. It seems reasonable for the company to furnish, without charge, dials in addition to the switchboard dial, equal in number to the number of trunks connecting the private branch exchange to the central office. The station charge for measured service has been made 25 cents lower than the corresponding charge under the flat rate service. This reduction is reasonable under a message rate type of schedule.

The company has asked for an increase of approximately 50 per cent in the present mileage charges. From consideration of the evidence we do not find that the present charges should be increased and in the rates herein fixed no modification in the mileage charges has been made.

A review of the rates fixed by the Commission in the early part of this proceeding for exchange service in Montebello does not indicate that any change should now be made in these rates. Schedules have been added, however, to cover service to commercial and hotel private branch exchange service and business intercommunicating service. Rates for Culver City correspond to those fixed for Montebello, taking into account the greater number of subscribers in Culver City.

Heretofore rates for service furnished in the South Pasadena rate area have been the Los Angeles primary rate plus an average mileage charge. The rates herein fixed applying to this service assume the continuation of this method.

The determination of a rate for foreign exchange service, which will be equitable to all subscribers and which will not result in an abuse of that service, has presented some very interesting and difficult problems. The conditions which may be met in the furnishing of this service are numerous and complicated. The rate, however, must apply to all these

conditions and must in itself be readily adaptable to these conditions. A rate for this service has been designed by adding to the exchange rate applying in the foreign exchange from which service is desired, the regular mileage charge applied to the distance between the foreign exchange primary rate area and exchange boundaries, and a mileage charge of \$3 per one-half mile applied to the distance between the subscriber's premises and the nearest point on a specified portion of the foreign exchange boundary.

Any material change in the rate structure, particularly when that change is an increase in rates, always results in changes of service by the subscriber and in general confusion to a more or less degree. This will be particularly true at this time, due to the introduction of measured service. These changes will result in numerous inquiries and questions and the company should adopt and carry out a very broad-minded and liberal policy in dealing with this most complicated problem.

#### ORDER.

##### In Application No. 9648.

Southern California Telephone Company having applied to the Railroad Commission for an order authorizing it to introduce measured service in part of its territory and with reference to certain classes of service therein, to establish local exchanges at Montebello, Culver City and Beverly Hills, to establish the standard toll rates between exchange areas, and to establish a rate for foreign exchange service, and for further relief as may be meet and proper, and for such other and further relief thereafter as further investigation and development may show to be necessary, public hearings having been held, the matter being submitted and now ready for decision:

The Railroad Commission of the State of California hereby finds as a fact that Southern California Telephone Company should continue the operation of the Montebello exchange as set forth under this Commission's Decision No. 13624 (24 CRC 958), operate the Culver City Exchange as a separate exchange unit, establish foreign exchange service; and further finds as a fact that the rates now charged by Southern California Telephone Company are unjust and unreasonable in so far as they differ from the rates hereinafter set forth.

Basing its order on the foregoing findings of fact and on such other findings and statements of fact as are set forth in the opinion preceding this order;

*It is hereby ordered*, that Southern California Telephone Company shall

1. Charge and collect for exchange service furnished on and after February 1, 1925, the rates and charges set forth in Exhibit "A,"

attached hereto and made a part hereof, except as modified in section 16 following.

2. File with the Railroad Commission, on or before January 31, 1925, a schedule of rates and charges set forth in said Exhibit "A."

3. Establish a primary rate area for the Los Angeles exchange in accordance with the descriptions set forth in Exhibit "B," attached hereto and made a part hereof.

4. File with the Railroad Commission, on or before January 31, 1925, a map showing the primary rate area as described in said Exhibit "B."

5. File with the Railroad Commission, on or before January 31, 1925, a map showing the Los Angeles exchange area modified to include those sections referred to in the opinion preceding this order.

6. Discontinue within the Los Angeles exchange area on and after February 1, 1925, flat rate hotel private branch exchange service.

7. Discontinue within the Los Angeles exchange area, on and after January 1, 1926, flat rate business service, flat rate commercial private branch exchange service, and flat rate business intercommunicating system service, described under schedules Nos. A-1, A-5 and A-7 of Exhibit "A," attached hereto.

8. Cancel as of January 1, 1926, the rates applying to flat rate business service, flat rate commercial private branch exchange service and flat rate business intercommunicating system service furnished within the Los Angeles exchange area, as set forth under schedules A-1, A-5 and A-7 of Exhibit "A," attached hereto.

9. File with the Railroad Commission, on or before January 31, 1925, rules and regulations governing measured service, similar to those rules and regulations now on file with this Commission for The Pacific Telephone and Telegraph Company, the same to become effective February 1, 1925.

10. Cancel as of January 31, 1925, Rule and Regulation No. 26, governing credit allowance for interruption to service set forth under Revised Sheet C. R. C. No. 162-T, and make effective for service rendered on and after February 1, 1925, the following rule and regulation:

The company will allow subscribers credit in all cases where telephones are "out of service," except when the "out of service" is due to the fault of the subscriber, for periods of one day or more from the time the fact is reported by the subscriber or detected by the company, of an amount equal to the total bill for exchange service multiplied by the ratio of the number of days of "out of service" to the total number of days in the billing period covered by the total bill for exchange service.

A day of "out of service" will be considered to exist when outgoing service is not available for a period of twenty-four consecutive hours. When any "out of service" period continues for a period in excess of an even multiple of twenty-four hours, then the total period upon which to determine the credit allowance will be taken to be the next higher even twenty-four hour multiple.

In no case will the credit allowance for any period exceed the total bill for exchange service for that period.

11. File with the Railroad Commission, on or before January 31, 1925, the Rule and Regulation governing credit allowance, set forth under section 10 above.

12. Continue the operation of the Montebello exchange as ordered in this Commission's Decision No. 13624, dated May 28, 1924.

13. Operate, on and after March 1, 1925, the present Culver City exchange as a complete and separate exchange unit, and establish as the Culver City exchange area that certain area shown in Exhibit "D," attached hereto and made a part hereof.

14. File with the Railroad Commission, on or before January 31, 1925, a map of the Culver City exchange and primary rate areas shown in said Exhibit "D."

15. Discontinue, on and after March 1, 1925, Los Angeles exchange service (except Los Angeles service under the foreign exchange service schedule) within the Culver City exchange area.

16. Charge and collect the present rates for Los Angeles exchange service (not including Los Angeles service under the foreign exchange service schedule) furnished within the Culver City exchange area during the month of February, 1925.

17. Cancel as of January 31, 1925, the schedule of rates set forth under the following C. R. C. sheets now on file with this Commission: Sheets Nos. 95-T, 96-T, 97-T, 98-T, 102-T, 103-T, 104-T, 105-T, 108-T, 109-T, 110-T, 111-T, 210-T, 212-T, 214-T, to 217-T, inclusive, 219-T, 221-T, 222-T, and 224-T to 233-T, inclusive, and Schedule No. 1 on Sheets Nos. 94-T, 100-T, 101-T, 106-T and 107-T.

18. Cancel as of February 28, 1925, Schedule No. 2 on Sheets Nos. 94-T, 100-T, 101-T, 106-T and 107-T, now on file with this Commission.

19. Render to each business and private branch exchange subscriber receiving flat rate service during the months of September, October, November and December, 1925, a statement showing the charges which would apply to that service under the corresponding measured schedule of rates.

20. Establish toll service between the Culver City exchange and the Los Angeles and Montebello exchanges on and after February 1, 1925.

21. Charge and collect rates for toll service furnished on and after February 1, 1925, set forth in Exhibit "C," attached hereto and made a part hereof.

22. File with the Railroad Commission, on or before January 31, 1925, a schedule of rates for toll service set forth in said Exhibit "C."

23. File with the Railroad Commission, on or before April 1, 1925, a list of all deviations from the regular filed schedules of rates as of December 15, 1924, together with a plan for the disposition of these deviations.



**In Case No. 2026.**

Simons Brick Company having filed a complaint requesting the Railroad Commission to suspend the operation of the order in this Commission's Decision No. 13624 (24 C.R.C. 958), dated May 28, 1924, as to the discontinuance of Los Angeles service furnished to it in Montebello, a hearing having been held and the matter submitted, and it now appearing that with the establishment of Los Angeles service in the Montebello exchange area under the foreign exchange service schedule, complainant may obtain the service which it desires;

*It is hereby further ordered*, that this complaint be and the same is hereby dismissed.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this thirty-first day of December, 1924.

**EXHIBIT "A."****EXCHANGE RATES****SCHEDULE No. A-1.*****Business service—Individual line and two-party line—Los Angeles.******Service.***

Applicable to business individual and two-party line flat rate service, individual line measured service and individual line coin box service furnished within the primary rate area of the Los Angeles exchange.

***Rate.*****A. Individual line.**

	Rate per month	
	Wall set	Desk set
(1) Business flat rate service—		
Each individual line station.....	\$12 50	\$12 75
Each auxiliary line station.....	12 50	12 75
Each extension station.....	1 25	1 50

**(2) Business measured service—**

	Rate	
	Wall set	Desk set
Each individual line station.....		
First 75 messages or less per month.....	\$5 50	\$5 75
Next 100 messages per month, per message.....	05	65
All over 175 messages per month, per message.....	04	64
Each extension station, per month.....	1 00	1 25

**(3) Business coin box service.**

Individual line wall set—	
First 4 messages or less per day.....	\$0 20
All over 4 messages per day, per message.....	02
Individual line desk set—	
The above wall set rate plus \$0 25 per month.	
Extension station—	
Each wall set, per month.....	\$1 00
Each desk set, per month.....	1 25

**B. Two-party line.**

Two-party business service will not be available to new subscribers on and after February 1, 1925. Subscribers located within the primary rate area receiving two-party business flat rate service as of January 31, 1925, may continue this service until December 31, 1925, at a rate of \$9.75 per month for each wall set primary station and \$10 per month for each desk set primary station. The rate for extension stations is \$1.25 per month for each wall set and \$1.50 per month for each desk set.

Subscribers located in the suburban area receiving two-party business flat rate service as of January 31, 1925, may continue this service until December 31, 1925, at the above rates plus the regular mileage charges except in South Pasadena rate area.

***Conditions.***

(1) Prior to January 1, 1926, the subscriber may select, at his option, either rate (1) or rate (2) of section (A) above. On and after January 1, 1926, flat rate service under rate (1) will be discontinued.

(2) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

(3) Individual line service will be provided outside the primary area but within the exchange area at the above rates plus mileage rates except in South Pasadena rate area.

#### SCHEDULE No. A-2.

##### *Residence Service--Individual and party line--Los Angeles.*

##### *Service.*

Applicable to individual and party line residence flat rate service furnished within the primary rate area of the Los Angeles exchange.

Rate.	Rate per month	
	Wall set	Desk set
Each individual line station.....	\$4 75	\$5 00
Each two-party line station.....	3 50	3 75
Each four-party line station.....	2 75	3 00
Each extension station.....	1 00	1 25

##### *Conditions.*

(1) Individual line service will be provided outside the primary rate area but within the exchange area at the above rates plus mileage rates, except in South Pasadena rate area.

#### SCHEDULE No. A-3.

##### *Mileage rates--Entire territory.*

Mileage rates applicable throughout the entire territory served.

##### *Rate.*

##### (1) Within suburban area.

##### *Service--*

	Rate per each one-quarter mile or fraction thereof per month
Each individual line primary station.....	\$0 50
Each private branch exchange trunk line.....	50
Each battery circuit.....	50
Each ringing power supply circuit.....	50
Each two-party line primary station.....	35
Each four-party line primary station.....	25

The above rates are based on air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the boundary of the primary rate area. These rates are applied to the services listed above when subscriber's instrumentalities are located outside the primary rate area but within the exchange area, in addition to the other rates applying to those services, except in South Pasadena rate area.

##### (2) Within exchange area and off subscriber's premises.

##### *Service--*

	Rate per each one-quarter mile or fraction thereof per month
Each extension station.....	\$0 50
Each private branch exchange station.....	50
Each line between private branch exchange switchboard and order board.....	50

The above rates are based on route mileage, which is the lineal length of the actual circuit required. These rates are applicable in connection with extension stations, private branch exchange stations and order board lines terminated off the premises on which the primary station or private branch exchange switchboard is located, in addition to the rate for service on the premises on which the primary station or private branch exchange switchboard is located.

#### SCHEDULE No. A-4.

##### *Suburban Service--Los Angeles.*

##### *Service.*

Applicable to suburban party line flat rate service furnished in the suburban area of the Los Angeles exchange.

Rate.	Rate per month per station	
	Wall set	Desk set
Business service.....	\$4 50	\$4 75
Residence service.....	3 50	3 75

##### *Conditions.*

Suburban service is furnished outside the primary rate area but within the exchange area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

## SCHEDULE No. A-5.

*Commercial Private Branch Exchange Service—Los Angeles.**Service.*

Applicable to commercial private branch exchange flat rate and measured service furnished within the primary rate area of the Los Angeles exchange.

*Rate.*

## (1) Business commercial flat rate service.

## (a) Switchboard rate—

Each switchboard position with battery and ringing power supply circuits and switchboard telephone including dial in connection with trunk lines to a machine switching central office:

	Rate per month
Cordless type switchboard-----	\$ 5 00
Cord type switchboard.	
Non-multiple—	
30 lines or less-----	\$ 7 50
31 to 80 lines-----	12 00
Over 80 lines-----	15 00
Multiple-----	18 00
Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed-----	20

## (b) Trunk rate—

Each trunk line----- 18 00 |

## (c) Station rate—

	Without dial	With dial(*)
Each wall set-----	\$1 25	\$1 50
Each desk set-----	1 50	1 75

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

## (d) Auxiliary equipment—

Each two position order board with telephone set for each position,  
per month----- \$ 7 50 |

Each line from order board to private branch exchange switchboard,  
per month----- \$1 50 |

## (2) Business commercial measured service.

## (a) Switchboard rate—

Each switchboard position with battery and ringing power supply circuits and switchboard telephone, including dial in connection with trunk lines to a machine switching central office.

	Rate per month
Cordless type switchboard-----	\$ 5 00
Cord type switchboard.	
Non-multiple—	
30 lines or less-----	\$ 7 50
31 to 80 lines-----	12 00
Over 80 lines-----	15 00
Multiple-----	18 00
Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed-----	20

## (b) Trunk rate—

First two trunk lines-----	\$ 6 00
Each additional trunk line, per trunk-----	3 00

## (c) Message rate—

Each exchange message----- 04 |

## (d) Station rate—

	Without dial	With dial(*)
Each wall set-----	\$1 00	\$1 25
Each desk set-----	1 25	1 50

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

## (e) Auxiliary equipment—

Each two-position order board with telephone set for each  
position----- \$ 7 50 |

Each line from order board to private branch exchange switch-  
board----- 1 50 |

*Conditions.*

(1) Prior to January 1, 1926, the subscriber may select at his option either rate (1) or rate (2). On and after January 1, 1926, flat rate service under rate (1) will be discontinued.

(2) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

(3) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and attachable single

head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard, for switchboards of two or three positions, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to all private branch exchange service, except hotel service which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area, except in South Pasadena rate area.

(6) Order boards provided at the above rates are installed on the premises on which the switchboard is located, and will consist of at least one position and four lines to the private branch exchange switchboard. Order boards will be installed off the premises at the above rates plus mileage rates, provided they are for the use of the subscriber and are within the standard transmission limits.

#### SCHEDULE No. A-6.

##### *Hotel private branch exchange service—Los Angeles.*

###### *Service.*

Applicable to hotel private branch exchange measured service rendered within the primary rate area of the Los Angeles exchange.

###### *Measured service rate.*

###### (a) Switchboard rate—

Each switchboard position with battery and ringing power supply circuits and switchboard telephone, including dial in connection with trunk lines to a machine switching central office:

	Rate per month
Non-multiple—	
30 line or less	\$ 7 50
31 to 80 lines	12 00
Over 80 lines	15 00
Multiple	18 00

Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed

20

###### (b) Message rates—

Each exchange message

05

###### (c) Station rate—

	Without dial	With dial(*)
Each wall set in guest room	\$ 75	\$1 00
Each wall set not in guest room	1 00	1 25
Each desk set in guest room	1 00	1 25
Each desk set not in guest room	1 25	1 50

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

###### *Conditions.*

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only, are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area except in South Pasadena rate area.

(5) Trunks sufficient to meet the traffic demand will be furnished by the company without charge to the subscriber.

#### SCHEDULE No. A-7.

##### *Business service—Intercommunicating systems—Los Angeles.*

###### *Service.*

Applicable to business intercommunicating flat rate and measured service furnished within the primary rate area of the Los Angeles exchange.

###### *Rate.*

###### (1) Business flat rate service.

###### (a) Station rate—

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate per month	
	Wall set	Desk set
10-line switching device-----	\$2 00	\$2 25
20-line switching device-----	2 25	2 50
30-line switching device-----	2 50	2 75
Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 ft. from receiving station:		
10-line switching device-----	\$3 00	\$3 25
20-line switching device-----	3 25	3 50
30-line switching device-----	3 50	3 75

(b) Trunk rate—

Each trunk line, per month----- \$18 00

(2) Business measured service.

(a) Station rate—

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate	
	Wall set	Desk set
10-line switching device-----	\$1 50	\$1 75
20-line switching device-----	1 75	2 00
30-line switching device-----	2 00	2 25
Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 ft. from receiving station:		
10-line switching device-----	\$2 50	\$2 75
20-line switching device-----	2 75	3 00
30-line switching device-----	3 00	3 25

(b) Trunk rate—

First two trunk lines----- Rate per month \$8 00

Each additional trunk line, per trunk----- 3 00

(c) Message rate—

Each exchange message----- 04

*Conditions.*

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area, except in South Pasadena rate area.

**SCHEDULE No. A-8.**

*Residence service—Intercommunicating system—Los Angeles.*

*Service.*

Applicable to residence intercommunicating flat rate service furnished within the primary rate area of the Los Angeles exchange.

*Rate.*

(a) Station rate—

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate per month	
	Wall set	Desk set
12-button switching device-----	\$2 00	\$2 25
24-button switching device-----	2 25	2 50
36-button switching device-----	2 50	2 75

Each station, with or without dial with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

12-button switching device-----	\$3 00	\$3 25
24-button switching device-----	3 25	3 50
36-button switching device-----	3 50	3 75

(b) Trunk rate—

Each trunk line per month----- \$8 00

*Conditions.*

(1) Each intercommunicating system will consist of at least one trunk line and three stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area, except in South Pasadena rate area.

**SCHEDULE No. A-9.**

*Apartment house service—Entire territory.*

*Service.*

Applicable to apartment house interior systems furnished throughout the entire territory served.

Rate.	Rate per month
Each vestibule or janitor station with wall set and associated keys to call apartment and janitor stations connected to the system----	\$1 50
Each apartment station, wall set, equipped to call the janitor station--	50

**Conditions.**

(1) Each apartment house system will consist of at least one vestibule station and four apartment stations.

(2) Exchange service will be provided in connection with apartment and janitor telephones at the rates shown in exchange service schedule No. A-2.

**SCHEDULE No. A-10.****Public pay station service—Entire territory.****Service.**

Applicable to service from company's non-listed public telephone stations throughout the territory served.

**Rate.**

Each exchange message 5 cents.

**Conditions.**

Public telephones will be installed by the company at its discretion, in public locations, to meet the general and transient telephone requirements.

**SCHEDULE No. A-11.****Private line service—Entire territory.****Service.**

Applicable to private lines provided within any exchange area of the territory served.

Rate.	Rate per month
Each one-quarter mile or fraction thereof of circuit, route mileage--	\$ 75
Each telephone and battery:	
Wall set -----	1 00
Desk set -----	1 25

**Minimum charge.**

Monthly minimum charge----- 3 50

**Conditions.**

(1) The above rates include battery renewals.

(2) Private lines are provided within the exchange area, solely for communication between the stations thereon, and are not permitted to be connected to exchange service lines.

**SCHEDULE No. A-12.****Joint user service—Los Angeles.****Service.**

Applicable to joint user service furnished within the Los Angeles exchange area.

Rate.	Rate per month
Each joint user service in connection with—	
(a) Individual business—	
Flat rate service-----	\$4 00
(b) Individual business—	
Measured service-----	1 50
(c) Individual business—	
Coin box service-----	1 50
(d) Private branch exchange—	
Flat rate service, including intercommunicating system flat rate service-----	5 50
(e) Private branch exchange—	
Measured rate service, including intercommunicating system measured rate service-----	3 50

**Conditions.**

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. Joint user service is furnished upon application of the subscriber as follows:

a. Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises on which the primary station or private branch exchange switchboard is located. The subscriber's facilities or service are not to be extended off the premises to provide joint user service.

b. Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that will be accepted as sufficient evidence of a single business and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory, it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

(5) On and after January 1, 1926, the above rates (a) and (d) will be discontinued.

#### SCHEDULE No. A-13.

##### Entire territory.

##### Directory listings.

Applicable to listings in telephone directory of Southern California Telephone Company.

Listings in the alphabetical section of the telephone directory are intended solely for the purpose of identifying subscribers' telephone numbers as an aid to the use of telephone service. Telephone directories are furnished subscribers to facilitate the use of the service, and remain the property of the telephone company and may be collected upon issuance of new directories. Subscribers are entitled, without charge, to listings in the alphabetical section of the directory as follows:

Individual line service.....	1 listing.
In case of a firm, one additional listing will be given for one member of that firm.	
Joint user service.....	1 listing.
Party line service each primary station.....	1 listing.
Private branch exchange service, including intercommunicating systems, each trunk line.....	1 listing.

##### Rate.

Additional listings in telephone directory--

	Rate per month
Member of same firm or business, each listing.....	\$0 25
Any individual residing at a residence, listed at the residence, each listing.....	25
Listing of guest of hotel, each listing.....	25
Any information in addition to a listing, each line.....	25

##### Conditions.

(1) Business listings consist of a name, the address of the premises on which the primary station, switchboard or receiving station is located, and the telephone number. A designation descriptive of the business will be included if the name does not indicate the nature of the business.

(2) Business listings may be those of individuals engaged in a business, names of firms or members thereof, the names of corporations or the officers thereof, and the names of employees. A trade name made up by adding a term, such as company, agency, shop, work, etc. to the name of a commodity will not be accepted as a listing unless the subscriber is authorized to do business under that name. Listings are not accepted which appear to be designed primarily to give publicity to a commodity or service.

(3) All additional listings in connection with a subscriber's service, except night service, must bear the same address and telephone number as the primary listing, except that additional listings in connection with private branch exchange stations and extension stations not located on the same premises as the primary station may show the address at which the station is located but will be accepted only in the name of the subscriber.

(4) Residence listings consist of a name, an abbreviation indicating "residence," the address of the premises to which service is furnished, and the telephone number.

(5) Residence listings may be those of the subscriber or members of the subscriber's domestic establishment residing on the premises on which the subscriber's service is provided.

#### SCHEDULE No. A-14.

##### Supplemental equipment--Entire territory.

##### Service.

Rates applicable to supplemental equipment furnished by the company throughout the entire territory served.

##### Rate.

Supplemental equipment--	Installation charge	Rate per month
Ordinary extension bell.....	\$1 25	\$0 25
Ordinary extension bell with switch.....	1 50	25
Loud ringing extension bell with switch.....	1 50	50

Buzzer circuit, inc. 1 push button, 1 buzzer, battery and 50 feet of wiring	1 50	25
Each additional push button	35	05
Each additional buzzer	35	10
Each additional 50 feet or less of wire	30	10
Cam lever switch	1 25	25
Desk set cords exceeding 6 feet in length: Each installation or replacement	1 00	
Room	5 00	1 50
Intercommunicating device for private branch exchange stations:		
10-line switching device	Actual Expense	50
20-line switching device		75
30-line switching device		1 00
Chest transmitter on standard one position private branch exchange switchboard to be used in place of standard transmitter		25
Chest transmitter and single head receiver for use by relief operators on private branch exchange switchboards equipped with such sets		1 00
Chest transmitter and single head receiver submitted for a standard telephone on a primary or extension station to meet special requirements in connection with any class of business service, desk station rate plus		25
Head receiver in place of one standard hand receiver in addition to, or in place of the hand receiver on a primary or extension station in connection with any type of business service:		
Single head receiver or watch case receiver		25
Double head receiver or two watch case receivers		50

**Jack and plug installations to permit use of portable telephones—Entire territory.**

	Installation charge	Rate per year
Two jacks or less	\$5 00	\$1 50
Three jacks	6 00	1 50
Four jacks	7 00	1 75
Five jacks	8 00	2 00
Six jacks	9 00	2 25
Seven jacks	10 00	2 50
Eight jacks	12 00	2 75
Nine jacks	15 00	3 00
Ten jacks	18 00	3 25
Each additional jack	3 00	25

(a) Station wiring is terminated on mounted spring jacks at the above rates. One to four jacks will be installed on one line, usually confined to the same room, but jacks will be installed in adjoining rooms on the subscriber's premises to meet special conditions.

(b) One wall telephone or portable telephone with cord and plug is allowed for each station line terminated on jacks at the primary station rate. Additional portable sets, with cords and plugs, will be provided at the extension station rate.

**Conditions.**

The equipment covered by the above rates is owned and maintained by the company.

**SCHEDULE No. A-15.****Supplemental Mechanical Equipment—Entire territory.**

Installation of manual private branch exchange service may be supplemented by certain mechanical features, including central switching apparatus and station dials. Such stations as are equipped with dials may obtain connection with any station similarly equipped, and with any other stations or lines which are connected to the mechanical apparatus without the assistance of the private branch exchange attendant calls which can not be completed mechanically being handled by the attendant. Each station connected to such a system must have a terminal at the manual switchboard.

The standard rates for manually operated private branch exchange systems are applicable in addition to the rates for the supplemental mechanical equipment.

Rate.	Rate per month
Supplemental mechanical equipment—	
(a) Each connector	\$2 50
(b) Each selector	2 00
(c) Each dial trunk between mechanical equipment and switchboard	75
(d) Battery and power supply—each station, each connector, each selector, each dial trunk between equipment and switchboard	15
(e) Mechanical equipment of tie lines to other private branch exchange switchboards—	
If equipment is arranged to select a mechanical station, but not to be selected by that station	2 00
If equipment is arranged to be selected by a mechanical station but not to select that station	2 00
If equipment is arranged to select and to be selected by a mechanical station	4 00
Monthly minimum charge	35 00

**Conditions.**

(1) The supplemental equipment to provide the mechanical features of the system will be furnished, subject to the following regulations:



An initial payment, payable upon request, prior to installation, equal to 50 per cent of the cost of equipment and installation will be required. If such equipment is retained by the subscriber in conjunction with exchange service throughout the following respective periods, the company will repay to the subscriber on the expiration of the first, the second, the third, the fourth and the fifth full year following the installation of the equipment, one-fifth of the above initial payment with interest thereon and on the balance at the rate of 6 per cent per annum, provided that upon discontinuance of such equipment after the expiration of the first full year following its installation, and prior to the expiration of either the second, the third, the fourth or the fifth full year following such installation, the company will make a pro rata repayment to the subscriber on account of such expired fractional period, no payment whatsoever being made, however, unless and until the subscriber has paid any and all sums whatsoever due and payable to the company.

(2) The above minimum charge applies to the sum of the charges of rates (a) to (e), inclusive.

#### SCHEDULE No. A-16.

##### *Vacation rate—entire territory.*

Subscribers to residence service, while temporarily absent from their residences, will be granted a discount of fifty per cent (50%) on the regular rate (including mileage) for their primary telephones and extensions, providing the following conditions are complied with:

(a) That at the time the discount is applied for, the subscriber shall be receiving unlimited service at the regular rate.

(b) That the subscriber shall have had residence service continuously for a period of not less than one year, and that his account is paid in full to date of application for discount.

(c) That the exchange service charge, at the vacation rate, for the entire period of suspension is paid at the time the application for the vacation rate service is accepted by the company.

(d) Service at the vacation rate may begin on any day of the month, providing notice is given in advance, and may be granted for any period of not less than one month and not more than four months.

(e) Subscribers shall be allowed but one suspension of service at the vacation rate in each calendar year.

(f) The service furnished during the period of suspension will consist of outgoing service only. Persons calling for the telephone number in question will be advised by the operator that the telephone has been "Temporarily Disconnected."

(g) Complete service will be restored without notice from the subscriber not later than 5 p.m. on the last day of the period of suspension. Should the subscriber desire incoming service restored in advance of that date, notification should be given to the company in advance of the desired date.

(h) In the event of advance restoration of service, the subscriber will be billed at the regular rate from and including the date following that on which the service was restored, and the payment previously made for such period at the vacation rate will be credited to the subscriber as a payment on account.

#### SCHEDULE No. A-17.

##### *Foreign exchange service—Los Angeles.*

##### *Service.*

Applicable to Montebello or Culver City exchange service furnished in the Los Angeles exchange area.

##### *Rate.*

(1) Individual line service.		Montebello exchange service furnished in Los Angeles exchange area	Culver City exchange service furnished in Los Angeles exchange area
(a) Station rate—			
Each primary station per month:			
Wall set	-----	\$7 00	\$5 25
Desk set	-----	7 25	5 50
(b) Mileage rate—			
Each primary station per month:			
Per each one-half mile or fraction thereof.		\$3 00	\$3 00
(c) Extension station rate-----		Local rate	Local rate
(2) Commercial private branch exchange service.			
(a) Switchboard rate-----		Local rate	Local rate
(b) Station rate-----		Local rate	Local rate
(c) Trunk rate—			
Local trunks-----		Local rate	Local rate
Each foreign exchange trunk, per month-----		\$8 50	\$7 50
(d) Mileage rate—			
Each private branch exchange trunk line, per month:			
Per each one-half mile or fraction thereof.		3 00	3 00

##### *Conditions.*

(1) The above mileage rate, applying to Montebello exchange service furnished within the Los Angeles exchange area, is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the westerly boundary of the Montebello exchange area.

(2) The above mileage rate, applying to Culver City exchange service furnished within the Los Angeles exchange area, is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the easterly boundary of the Culver City exchange area.

(3) Foreign exchange service will be furnished subject to the same conditions as to the use of the service by others than the subscriber and his representatives which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(4) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(5) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(6) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class of service furnished.

#### SCHEDULE No. A-1.

##### *Business service—Individual and party line—Montebello.*

###### *Service.*

Applicable to business individual and party line flat rate and individual coin box service furnished within the primary rate area of the Montebello exchange.

###### *Rate.*

	Rate per month	
	Wall set	Desk set
(1) Business flat rate service.		
Each individual line station-----	\$3 00	\$3 25
Each two-party line station-----	2 25	2 50
Each extension station-----	1 00	1 25
(2) Business coin box service.		
Individual line wall set—		
First two messages, or less, per day-----		10 cents
All over two messages, per day, per message-----		5 cents
Individual line desk set—		
The above wall set rate, plus 25 cents per month.		
Extension stations—		
Each wall set-----	\$1 00	per month
Each desk set-----	1 25	per month

###### *Conditions.*

(1) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

(2) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

#### SCHEDULE No. A-2.

##### *Residence service—Individual and party line—Montebello.*

###### *Service.*

Applicable to individual and party line residence flat rate service furnished within the primary rate area of the Montebello exchange.

<i>Rate.</i>	Rate per month	
	Wall set	Desk set
Each individual line station-----	\$2 50	\$2 75
Each two-party line station-----	2 00	2 25
Each four-party line station-----	1 75	2 00
Each extension station-----	75	1 00

###### *Conditions.*

(1) The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

#### SCHEDULE No. A-4.

##### *Suburban service—Montebello.*

###### *Service.*

Applicable to suburban party line flat rate service furnished in the suburban area of the Montebello exchange.

<i>Rate.</i>	Rate per month per station	
	Wall set	Desk set
Business service-----	\$3 50	\$3 75
Residence service-----	3 00	3 25

**Conditions.**

Suburban service is furnished outside the primary rate area but within the exchange area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

**SCHEDULE No. A-5.****Commercial private branch exchange service—Montebello.****Service.**

Applicable to commercial private branch exchange flat rate service furnished within the primary rate area of the Montebello exchange.

**Rate.**

## (a) Switchboard rate—

Each switchboard position with battery and ringing power supply circuits and switchboard telephone:

	Rate per month
Cordless type switchboard.....	\$5.00
Cord type switchboard.....	
Non-multiple—	
30 lines or less.....	7.50
31 to 80 lines.....	12.00
Over 80 lines.....	15.00
Multiple.....	18.00
Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed.....	20
(b) Trunk rate—	
Each trunk line.....	4.50
(c) Station rate—	
Each wall set.....	1.00
Each desk set.....	1.25

**Conditions.**

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

(2) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter, for each position, will be provided in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to all private branch exchange service, except hotel service, which is provided in hotels, rooming and apartment houses, or to such portion of buildings in which rooms are let to the public for living quarters.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.

**SCHEDULE No. A-6.****Hotel private branch exchange service—Montebello.****Service.**

Applicable to hotel private branch exchange measured service rendered within the primary rate area of the Montebello exchange.

**Rate.**

## (a) Switchboard rate—

Each switchboard position with battery and ringing power supply circuits and switchboard telephone.

	Rate per month	Rate per month
	Wall set	Desk set
Cord type switchboard.....		
Non-multiple—		
30 lines or less.....	\$7.50	
31 to 80 lines.....	12.00	
Over 80 lines.....	15.00	
Multiple.....	18.00	
Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed.....	20	
(b) Message rate—		
Each exchange message.....		.65
(c) Station rate—		
Each station in guest room.....	\$0.50	\$0.75
Each station not in guest room.....	.75	1.00

**Conditions.**

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operating set, consisting of a single head receiver and chest type transmitter for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operator's chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members, only, are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate areas and within the exchange area.

(5) Trunks sufficient to meet the traffic demands will be furnished by the company without charge to the subscriber.

**SCHEDULE No. A-7.****Business service—Intercommunicating systems—Montebello.****Service.**

Applicable to business intercommunicating flat rate service furnished within the primary rate area of the Montebello exchange.

**Rate.****(a) Station rate—**

Each station, including receiving station, with switching device, on premises on which receiving station is located:

		Rate per month	
		Wall set	Desk set
10-line switching device-----		\$2 00	\$2 25
20-line switching device-----		2 25	2 50
30-line switching device-----		2 50	2 75

Each station, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

10-line switching device-----	\$3 00	\$3 25
20-line switching device-----	3 25	3 50
30-line switching device-----	3 50	3 75

**(b) Trunk rate—**

Each trunk line----- Rate per month  
\$4 50

**Conditions.**

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service furnished to stations outside the primary rate area and within the exchange area.

**SCHEDULE No. A-8.****Residence service—Intercommunicating systems—Montebello.****Service.**

Applicable to residence intercommunicating flat rate service furnished within the primary rate area of the Montebello exchange.

**Rate.****(a) Station rate—**

Each station, including receiving station, with switching device, on premises on which receiving station is located:

		Rate per month	
		Wall set	Desk set
12-button switching device-----		\$2 00	\$2 25
24-button switching device-----		2 25	2 50
36-button switching device-----		2 50	2 75

Each station, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

12-button switching device-----	\$3 00	\$3 25
24-button switching device-----	3 25	3 50
36-button switching device-----	3 50	3 75

**(b) Trunk rate—**

Each trunk line----- Rate per month  
\$3 75

*Conditions.*

(1) Each intercommunicating system will consist of at least one trunk line and three stations including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area.

**SCHEDULE No. A-12.***Joint user service—Montebello.**Service.*

Applicable to joint user service furnished within the Montebello exchange area.

*Rate.*

Each joint user service in connection with—

	Rate per month
Individual business flat rate service.....	\$1 50
Individual business coin box service.....	25

*Conditions.*

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. Joint user service is furnished upon application of the subscriber as follows:

(a) Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

(b) Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that will be accepted as sufficient evidence of a single business and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

**SCHEDULE No. A-17.***Foreign exchange service—Montebello.**Service.*

Applicable to Los Angeles exchange service furnished in the Montebello exchange area.

*Rate.*

(1) Individual line service.

(a) Message rate—

First 200 Los Angeles messages or less, per month:

Wall set ..... \$14 50

Desk set ..... 14 75

Each additional Los Angeles message..... 01

(b) Mileage rate—

Each individual line, primary station, per month:

Per each one-half mile or fraction thereof..... 2 50

(c) Extension station rate.....

Local rate

(2) Commercial private branch exchange service.

(a) Switchboard rate.....

Local rate

(b) Station rate.....

Local rate

(c) Trunk rates—

Local trunks..... Local rate

Foreign exchange trunks:

First trunk, including 300 Los Angeles messages, per

month..... 19 00

Each additional trunk without messages, per month..... 7 00

Each additional Los Angeles message..... 01

(d) Mileage rates—

Each private branch exchange trunk line, per month:

Per each one-half mile or fraction thereof..... 2 50

*Conditions.*

(1) The above mileage rate is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the westerly boundary of the Montebello exchange area.

(2) Foreign exchange service will be furnished subject to the same conditions as to the use of the service by others than the subscriber and his representatives, which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(3) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(4) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(5) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class or service furnished.

#### SCHEDULE No. A-1.

##### *Business service—Individual and party line—Culver City.*

###### *Service.*

Applicable to business, individual and party-line flat rate and individual line coin box service furnished within the primary rate area of the Culver City exchange.

###### *Rate.*

	Rate per month	
	Wall set	Desk set
(1) Business flat rate service.		
Each individual line station-----	\$3 75	\$4 00
Each two-party line station-----	3 00	3 25
Each extension station-----	1 00	1 25
(2) Business coin box service.		
Individual line wall set—		
First two messages, or less, per day-----	10	
All over two messages per day, per message-----	05	
Individual line desk set—		
The above wall set rate plus 25 cents per month.		
Extension stations—		
Each wall set, per month-----	1 00	
Each desk set, per month-----		1 25

###### *Conditions.*

(1) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates, plus mileage rates, are applicable to outside extension stations.

(2) The individual-line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.

#### SCHEDULE No. A-2.

##### *Residence Service—Individual and Party Line—Culver City.*

###### *Service.*

Applicable to individual and party-line residence flat-rate service furnished within the primary-rate area of the Culver City exchange.

###### *Rate.*

	Rate per month	
	Wall set	Desk set
Each individual line station-----	\$2 75	\$3 00
Each two-party line station-----	2 25	2 50
Each four-party line station-----	2 00	2 25
Each extension station-----	75	1 00

###### *Conditions.*

(1) The individual line and party-line services will be provided outside the primary-rate area and within the exchange area at the above rates plus mileage rates.

#### SCHEDULE No. A-4.

##### *Suburban Service—Culver City.*

###### *Service.*

Applicable to suburban party line flat rate service in the suburban area of the Culver City exchange.

###### *Rate.*

	Rate per month per station	
	Wall set	Desk set
Business service-----	\$3 50	\$3 75
Residence service-----	3 00	3 25

###### *Conditions.*

Suburban service is furnished outside the primary rate area but within the exchange area. In no case will the total number of stations connected to one circuit exceed ten (10) stations.

**SCHEDULE No. A-5.****Commercial Private Branch Exchange Service—Culver City.****Service.**

Applicable to commercial private branch exchange flat rate service furnished within the primary rate area of the Culver City exchange.

**Rate.**

## (a) Switchboard rate.

Each switchboard position with battery and ringing power supply circuits and switchboard telephone including dial in connection with trunk lines to a machine switching central office:

	Rate per month.
Cordless type switchboard.....	\$5 00
Cord type switchboard.....	
Non-multiple—	
30 lines or less .....	7 50
31 to 80 lines .....	12 00
Over 80 lines .....	15 00
Multiple .....	18 00
Multiple station and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed.....	20

## (b) Trunk rate.

Each trunk line .....	6 00
-----------------------	------

## (c) Station rate—

	Without dial	With dial(*)
Each wall set .....	\$1 00	\$1 25
Each desk set .....	1 25	1 50

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

**Conditions.**

1. Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

2. Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter, for each position, will be provided, in lieu of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

3. The above rates are applicable to all private branch exchange service, except hotel service, which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

4. Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.

**SCHEDULE No. A-6.****Hotel Private Branch Exchange Service—Culver City.****Service.**

Applicable to hotel private branch exchange measured service rendered within the primary-rate area of the Culver City exchange.

**Rate.**

## (a) Switchboard rate.

Each switchboard position with battery and ringing power supply circuits and switchboard telephone, including dial in connection with trunk lines to a machine switching central office:

	Rate per month.
Cord type switchboard.....	
Non-multiple—	
30 lines or less .....	\$7 50
31 to 80 lines .....	12 00
Over 80 lines .....	15 00
Multiple .....	18 00
Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed.....	20

## (b) Message rate—

Each exchange message .....	65
-----------------------------	----

## (c) Station rate—

	Without dial	With dial*
Each wall set in guest room .....	\$0 75	\$1 00
Each wall set not in guest room .....	1 00	1 25
Each desk set in guest room .....	1 00	1 25
Each desk set not in guest room .....	1 25	1 50

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

**Conditions.**

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard for switchboards of two or three positions, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the exchange area.

(5) Trunks sufficient to meet the traffic demand will be furnished by the company without charge to the subscriber.

**SCHEDULE No. A-7.****Business Service—Intercommunicating System—Culver City.****Service.**

Applicable to business intercommunicating flat rate service furnished within the primary rate area of the Culver City exchange.

**Rate.****(a) Station rate—**

Each station including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate per month	
	Wall set	Desk set
10-line switching device -----	\$2 00	\$2 25
20-line switching device -----	2 25	2 50
30-line switching device -----	2 50	2 75

Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:

10-line switching device -----	\$3 00	\$3 25
20-line switching device -----	3 25	3 50
30-line switching device -----	3 50	3 75

**(b) Trunk rate—**

	Rate per month
Each trunk line -----	\$6 00

**Conditions.**

(1) Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

(2) The above rates plus mileage rates are applicable to service furnished to stations outside the primary rate area and within the exchange area.

**SCHEDULE No. A-8.****Residence Service—Intercommunicating Systems—Culver City.****Service.**

Applicable to residence intercommunicating flat rate service furnished within the Primary Rate Area of the Culver City Exchange.

**Rate.****(a) Station rate—**

Each station including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate per month	
	Wall set	Desk set
12-button switching device -----	\$2 00	\$2 25
24-button switching device -----	2 25	2 50
36-button switching device -----	2 50	2 75

Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving stations:

12-button switching device -----	\$3 00	\$3 25
24-button switching device -----	3 25	3 50
36-button switching device -----	3 50	3 75

**(b) Trunk rate—**

	Rate per month
Each trunk line -----	\$4 00



**Conditions.**

(1) Each intercommunicating system will consist of at least one trunk line and three stations including receiving station.

(2) The above rates plus mileage rates are applicable to service provided outside the primary rate area and within the exchange area.

**SCHEDULE No. A-12.****Joint User Service—Culver City.****Service.**

Applicable to joint user service furnished within the Culver City exchange area.

**Rate.**

	Rate per month
Each joint user service in connection with—	
Individual business flat rate service	\$1 50
Individual business coin box service	25

**Conditions.**

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. The rate for joint user service is applicable and is furnished upon applications made by the subscriber as follows:

(a) Applications for the use of the subscriber's service by any individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

(b) Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return that will be accepted as sufficient evidence of a single business, and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory, it shall be paid for until the end of the directory period unless the subscriber's service is discontinued.

**SCHEDULE No. A-17.****Foreign Exchange Service—Culver City.****Service.**

Applicable to Los Angeles exchange service furnished in the Culver City exchange area.

**Rate.**

(1) Individual line service.

(a) Message rate—

First 200 Los Angeles messages or less per month:	
Wall set	\$12 50
Desk set	12 75
Each additional Los Angeles message	04

(b) Mileage rate—

Each primary station, per month,	5 00
per each one-half mile or fraction thereof.	

(c) Extension station rate \_\_\_\_\_ Local rate

(2) Commercial private branch exchange service.

(a) Switchboard rate \_\_\_\_\_ Local rate

(b) Station rate \_\_\_\_\_ Local rate

(c) Trunk rate—  
Local trunks \_\_\_\_\_ Local rate

Foreign exchange trunks—

First trunk including 300 Los Angeles messages per month	17 00
Each additional trunk, without messages, per month	5 00
Each additional Los Angeles message	04

(d) Mileage rate—

Each private branch exchange trunk line, per month,	5 00
per each one-half mile or fraction thereof.	

**Conditions.**

(1) The above mileage rate is based on the air line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the easterly boundary of the Culver City exchange area.

(2) Foreign exchange service will be furnished subject to the same conditions as to the use of the service by others than the subscriber and his representatives which are applicable in connection with other classes of subscriber's telephone service. Joint user service will not be permitted.

(3) The phrase "local rate" as herein used refers to the rate applying in the exchange within which that particular primary station or private branch exchange switchboard is located.

(4) Subscribers to foreign exchange service are required to take service of the exchange from which local service normally would be rendered on the premises on which foreign exchange service is furnished.

(5) The scope of local service for, and the toll rates to and from, individual line stations or private branch exchange systems connected for foreign exchange service will be in accordance with the tariff provisions of the foreign exchange for the particular class of service furnished.

#### SCHEDULE No. A-1.

##### *Business Service—Individual Line and Two-Party Line—South Pasadena.*

###### *Service.*

Applicable to business, individual, and two-party line flat-rate service, individual line measured service and individual line or box service furnished within the South Pasadena rate area.

###### A. Individual line.

	Rate per month	
	Wall set	Desk set
1. Business flat rate service.		
Each individual line station-----	\$14 00	\$14 25
Each auxiliary line station-----	14 00	14 25
Each extension station-----	1 25	1 50
2. Business measured service.		
Each individual line station—		
First 75 messages or less, per month-----	\$7 00	\$7 25
Next 100 messages per month, per message-----	05	05
All over 175 messages, per month, per message-----	04	04
Each extension station, per month-----	1 00	1 25
3. Business coin box service.		
Individual line wall set—		
First four messages, or less, per day-----		\$0 25
All over four messages per day, 5 cents per message.		
Individual line desk set—		
The above wall set rate, plus 25 cents per month.		
Extension stations—		
Each wall set-----	\$1 00	per month
Each desk set-----	1 25	per month

###### B. Two-party line.

Two-party business service will not be available to new subscribers on and after February 1, 1925. Subscribers located within the South Pasadena rate area receiving two-party business flat-rate service as of January 31, 1925, may continue this same service until December 31, 1925, at a rate of \$10.75 per month for each wall set primary station and \$11 per month for each desk set primary station. The rate for extension stations is \$1.25 per month for each wall set and \$1.50 per month for each desk set.

###### *Conditions.*

(1) Prior to January 1, 1926, the subscriber may select, at his option, either rate (1) or rate (2). On and after January 1, 1926, flat rate service under rate (1) will be discontinued.

(2) Extension stations at the above rates are installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

#### SCHEDULE No. A-2.

##### *Residence Service—Individual and Party Line—South Pasadena.*

###### *Service.*

Applicable to individual and party line residence flat-rate service furnished within the South Pasadena rate area.

###### *Rate.*

	Rate per month	
	Wall set	Desk set
Each individual line station-----	\$6 25	\$6 50
Each two-party line station-----	4 50	4 75
Each four-party line station-----	3 75	4 00
Each extension station-----	1 00	1 25

#### SCHEDULE No. A-5.

##### *Commercial Private Branch Exchange Service—South Pasadena.*

###### *Service.*

Applicable to commercial private branch exchange flat rate and measured service furnished in the South Pasadena rate area.

###### *Rate.*

###### (1) Business commercial flat rate service.

###### (a) Switchboard rate—

Each switchboard position with switchboard telephone including dial in connection with trunk lines to a machine switching central office.

	Rate per month	
Cordless type switchboard-----	\$5 00	
Cord type switchboard.		
Non-multiple-----		
30 lines or less-----	7 50	
31 to 80 lines-----	12 00	
Over 80 lines-----	15 00	
Multiple-----	18 00	
Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed-----	20	
(b) Power supply circuit rate-----	1 50	
(c) Battery and ringing power supply circuits, per circuit-----	1 50	
(c) Trunk rate-----		
Each trunk line-----	\$19 50	
(d) Station rate-----		
Each wall set-----	Without dial	With dial*
Each desk set-----	\$1 25	\$1 50
	1 50	1 75
*Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.		
(e) Auxiliary equipment-----	Without dial	With dial
Each two positions order board with telephone set for each position-----	\$7 50	---
Each line from order board to private branch exchange switchboard-----	1 50	---
(2) Business commercial measured service.		
(a) Switchboard rate-----		
Each switchboard position with switchboard telephone including dial in connection with trunk lines to a machine switching central office.		
	Rate per month	
Cordless type switchboard-----	\$ 5 00	
Cord type switchboard-----		
Non-multiple-----		
30 lines or less-----	\$ 7 50	
31 to 80 lines-----	12 00	
Over 80 lines-----	15 00	
Multiple-----	18 00	
Multiple station and trunk jacks in excess of one jack per line per strip of 10 jacks or portion installed-----	20	
(b) Power supply circuit rate-----	1 50	
(c) Battery and ringing power supply circuits, each circuit-----	1 50	
(c) Trunk rate-----		
First two trunk lines-----	11 00	
Each additional trunk line, per trunk-----	4 50	
(d) Message rate-----		
Each exchange message-----	04	
(e) Station rate.		
	Rate per month	
Each wall set-----	Without dial	With dial*
Each desk set-----	\$1 00	\$1 25
	1 25	1 50
*Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.		
(f) Auxiliary equipment-----		
	Rate per month	
Each two position order board with telephone set for each position-----	\$7 50	
Each line from order board to private branch exchange switchboard-----	1 25	

*Conditions.*

(1) Prior to January 1, 1926, the subscriber may select at his option either rate (1) or rate (2). On and after January 1, 1926, flat rate service under rate (1) will be discontinued.

(2) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

(3) Cordless switchboards, with a maximum capacity for three trunk lines and seven stations, are provided with a standard desk station. Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set, consisting of a single head receiver and chest type transmitter for each position, will be provided, in lieu

of the standard, for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to all private branch exchange service, except hotel service, which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations.

(6) Order boards provided at the above rates are installed on the premises on which the switchboard is located, and will consist of at least one position and four lines to the private branch exchange switchboard. Order boards will be installed off the premises at the above rates plus mileage rates, provided they are for the use of the subscriber and are within the standard transmission limits.

#### SCHEDULE No. A-6.

##### *Hotel Private Branch Exchange Service—South Pasadena.*

###### *Service.*

Applicable to Hotel Private Branch Exchange measured service rendered within the South Pasadena Rate Area.

###### *Measured Service Rate—*

###### (a) Switchboard rate.

Each switchboard position with switchboard telephone, including dial in connection with trunk lines to a machine switching central office.

###### Cord type switchboard.

###### Non multiple—

30 lines or less	\$7 50
------------------	--------

31 lines to 80 lines	12 00
----------------------	-------

Over 80 lines	15 00
---------------	-------

Multiple	18 00
----------	-------

Multiple stations and trunk jacks in excess of one jack per line, per strip of 10 jacks or portion installed	20
--	----

###### (b) Power supply circuit rate.

Battery and ringing power supply circuits, each circuit	1 50
---	------

###### (c) Message rate.

Each exchange message	05
-----------------------	----

###### (d) Station rate.

	Without dial	With dial*
Each wall set in guest room	\$0 75	\$1 00
Each wall set not in guest room	1 00	1 25
Each desk set in guest room	1 00	1 25
Each desk set not in guest room	1 25	1 50

(\*) Dial stations not to exceed one for each trunk line to a machine switching central office will be provided at the rate for non-dial stations.

###### *Conditions.*

(1) Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

(2) Cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. Upon request of the subscriber, an operator's set consisting of a single head receiver and chest type transmitter for each position will be provided, in lieu of the standard for switchboards of two or three positions without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

(3) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters. Clubs letting rooms to members or guests of members only are not considered as being subscribers entitled to hotel service.

(4) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises provided they are for the use of the subscriber and are within the standard transmission limits. The above rates plus mileage rates are applicable to outside stations.

(5) Trunks sufficient to meet the traffic demand will be furnished by the company without charge to the subscriber.

#### SCHEDULE No. A-7.

##### *Business Service—Intercommunicating Systems—South Pasadena.*

###### *Service.*

Applicable to business intercommunicating flat rate service furnished within the South Pasadena rate area.

**Rate.**

## (1) Business flat-rate service.

## (a) Station rate—

Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:

	Rate per month	
	Wall set	Desk set
10-line switching device .....	\$2 00	\$2 25
20-line switching device .....	2 25	2 50
30-line switching device .....	2 50	2 75
Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 feet from receiving station:		
10-line switching device .....	3 00	3 25
20-line switching device .....	3 25	3 50
30-line switching device .....	3 50	3 75

## (b) Trunk rate—

	Rate per month
Each trunk line .....	\$12 50

## (c) Power supply circuit rate:

Battery and ringing power supply circuits, each circuit .....	1 50
---	------

## (2) Business measured service.

## (a) Station rate—

	Rate per month	
	Wall set	Desk set
Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:		
10-line switching device .....	\$1 50	\$1 75
20-line switching device .....	1 75	2 00
30-line switching device .....	2 00	2 25
Each station, with or without dial, with switching device, off premises on which receiving station is located, but not exceeding 300 feet from receiving station:		
10-line switching device .....	2 50	2 75
20-line switching device .....	2 75	3 00
30-line switching device .....	3 00	3 25

## (b) Trunk rate—

	Rate per month
First two trunk lines .....	\$11 00
Additional trunk lines .....	4 50

## (c) Message rate—

Each exchange message .....	4 cents
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## (d) Power supply circuit rate.

Battery and ringing power supply circuits, each circuit .....	1 50
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**Conditions.**

Each intercommunicating system will consist of at least two trunk lines and four stations, including receiving station.

**SCHEDULE No. A-8.****Residence Service—Intercommunicating Systems—South Pasadena.****Service.**

Applicable to residence intercommunicating flat-rate service furnished within the South Pasadena rate area.

**Rate.**

## (a) Station rate—

	Rate per month	
	Wall set	Desk set
Each station, including receiving station, with or without dial, with switching device, on premises on which receiving station is located:		
12-button switching device .....	\$2 00	\$2 25
24-button switching device .....	2 25	2 50
36-button switching device .....	2 50	2 75
Each station, with or without dial, with switching device, off premises on which receiving station is located but not exceeding 300 feet from receiving station:		
12-button switching device .....	3 00	3 25
24-button switching device .....	3 25	3 50
36-button switching device .....	3 50	3 75

## (b) Trunk rate—

	Rate per month
Each trunk line .....	\$9 50

## (c) Power supply circuit rate—

Battery and ringing power supply circuits, each circuit .....	1 50
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*Conditions.*

Each intercommunicating system will consist of at least one trunk line and three stations, including receiving station.

**EXHIBIT "B"****DESCRIPTION OF LOS ANGELES PRIMARY RATE AREA**

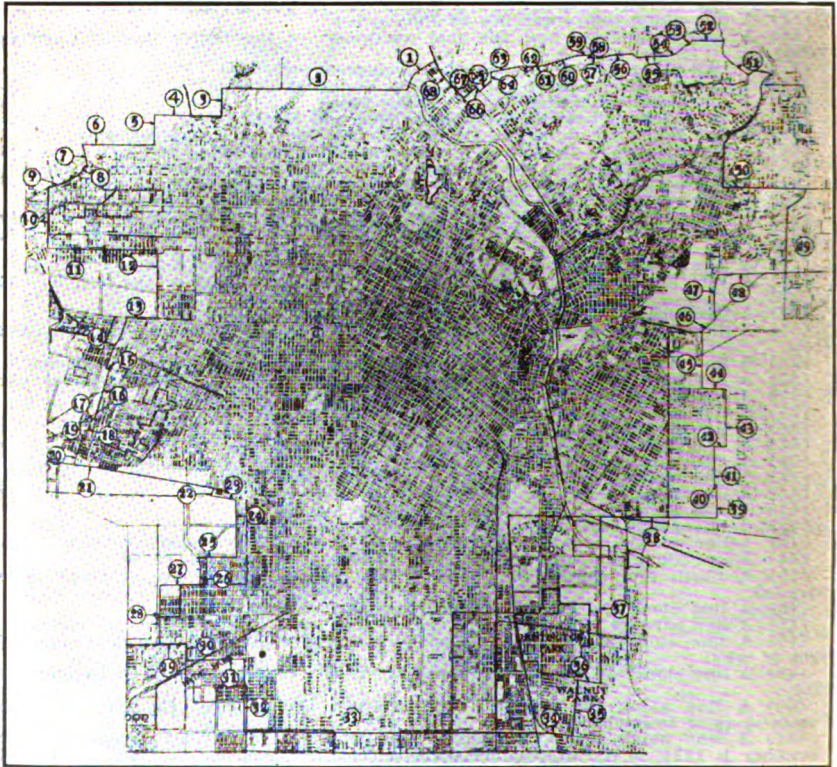
The following description refers to the location of the primary rate area boundary as indicated by the corresponding numbers on the attached map.

- (1) A line parallel to and 300 feet northwest of the center line of Los Feliz boulevard.
- (2) A line along the northern boundary of T. 1 S., (San Bernardino Base Line.)
- (3) A line along the eastern boundary of Sec. 3, T. 1 S., R. 14W.
- (4) An east and west line through the intersection of the center lines of Highland avenue and Cahuenga Pass road.
- (5) A north and south line passing through the intersection of the center lines of La Brea street and La Brea avenue.
- (6) A line along the southern boundary of Sec. 4, T. 1 S., R. 14W., extended.
- (7) A line parallel to and 200 feet west of the center line of Laurel Canyon road.
- (8) A line parallel to and 200 feet northwest of the center line of Selma avenue.
- (9) A line parallel to and 200 feet northwest of the center line of Sunset boulevard.
- (10) A line midway between West Knoll and Higher drive (Newcomb street.)
- (11) A line parallel to and 200 feet south of the center line of Rosewood avenue.
- (12) A line parallel to and 200 feet west of the center line of La Brea avenue.
- (13) A line parallel to and 200 feet north of the center line of Wilshire boulevard.
- (14) A line midway between Sierra Bonita avenue and Masselin avenue.
- (15) A line along the center line of Pico street.
- (16) A line parallel to and 200 feet northwest of the center line of Carmona avenue.
- (17) A line along the center line of Washington boulevard.
- (18) A line midway between Clark avenue and Mick avenue.
- (19) A line along the center line of Adams street.
- (20) A line midway between Clayton avenue and Hose avenue.
- (21) A line following along the Pacific Electric Company's right of way.
- (22) A line parallel to and 200 feet northwest of the center line of Ninth avenue.
- (23) A line parallel to and 200 feet southwest of the center line of Rodeo street.
- (24) A line parallel to and 200 feet west of the center line of Third avenue.
- (25) A line parallel to and 200 feet south of the center line of Vernon avenue.
- (26) A line parallel to and 200 feet west of the center line of Angeles Mesa drive.
- (27) A line along the southern boundary of the north half of Sec. 15, T. 2 S., R. 14W.
- (28) A line parallel to and 200 feet west of the center line of Keniston avenue.
- (29) A line along the southern boundary of the north half of Sec. 22, T. 2 S., R. 14W.
- (30) A line along the center line of Walnut avenue.
- (31) A line parallel to and 200 feet south of the center line of Sixty-seventh street.
- (32) A line parallel to and 200 feet west of the center line of Van Ness avenue.
- (33) A line parallel to and 200 feet south of the center line of Manchester avenue.
- (34) A line along the Southern Pacific Company's right of way.
- (35) A line midway between Mountain View avenue and Chestnut avenue.
- (36) A line midway between Florence avenue and Walnut street.
- (37) A line midway between Boyle avenue and Benson avenue.
- (38) A line parallel to and 200 feet south of the center line of Cheney street.
- (39) A line midway between Downey drive and Sunol drive.
- (40) A line along the center line of Whittier boulevard.
- (41) A line along the center line of Hughes avenue.
- (42) A line along the center line of Third street.
- (43) A line midway between Whitmore street and Mariana avenue.
- (44) A line along the southern boundary of Sec. 30, T. 1 S., R. 12 W.
- (45) A north and south line 200 feet east of the center line of Gage street extended.
- (46) A line along the Pacific Electric Company's right of way.
- (47) A line parallel to and 200 feet east of the center line of El Sereno avenue.
- (48) A line along a westerly extension of a line of Pacific Electric Company's right of way.
- (49) A line along the western boundary of the city of Alhambra as of December 1, 1924.
- (50) A line along the southern and western boundary of the city of South Pasadena as of December 1, 1924.
- (51) A line along the southwestern boundary of the city of Pasadena as of December 1, 1924, to its intersection with the northern boundary of Sec. 31, T. 1 N., R. 12W.
- (52) A line along the northern boundary of Sec. 31, T. 1 N., R. 12W.
- (53) A line parallel to and 200 feet southeast of the center line of Rookdale avenue.
- (54) A line parallel to and 200 feet southeast of the center line of Oak Grove avenue.
- (55) A line parallel to and 200 feet south of the center line of Oak Grove drive.
- (56) A line parallel to and 200 feet north of the center line of Campus road.
- (57) A line parallel to and 200 feet north of West View.
- (58) A line along the center line of Glassell avenue.

- (59) A line midway between Ridgeway avenue and Lawrence street.  
 (60) From the intersection of a line midway between Ridgeway avenue and Lawrence street and the center line of College View Avenue, in a straight line to a point on the center line of Avenue 41, and 200 feet south of the center line of Wawona street.  
 (61) A line parallel to and 200 feet south of the center line of Wawona street.  
 (62) A line parallel to and 200 feet south of Shearer street.  
 (63) A line along the southern boundary of the city of Glendale as of December 1, 1924.  
 (64) A line due north and south through the intersection of the center line of Chapman street and Weldon avenue.  
 (65) A line along the center line of Chapman street.  
 (66) A line along the Union Pacific Company's right of way.  
 (67) A line parallel to and 200 feet northwest of the center line of Treadwell street.  
 (68) A line along the Southern Pacific Company's right of way.

CALIFORNIA RAILROAD COMMISSION  
 PRIMARY RATE AREA  
 OF  
 LOS ANGELES EXCHANGE  
 SOUTHERN CALIFORNIA TELEPHONE COMPANY

*Exhibit No. B*



**NOTE:** The numbers herein indicated refer to the description of the boundary of the primary rate area set forth in an accompanying table.

## EXHIBIT "C."

## TOLL RATES.

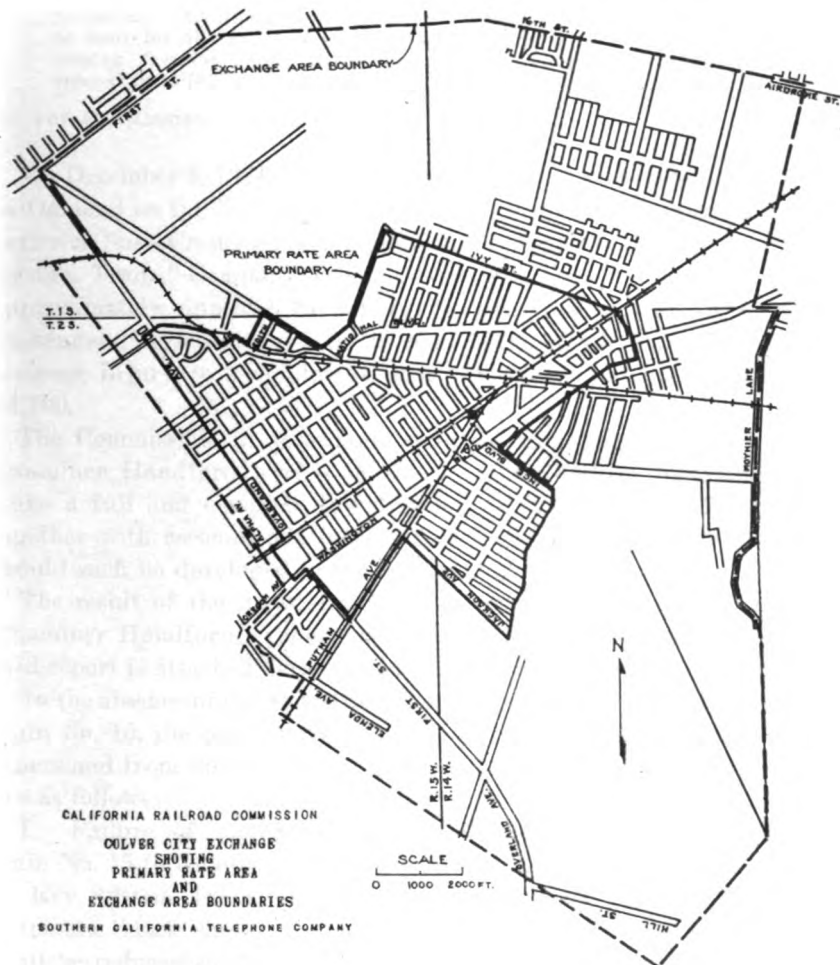
*Rates for Toll Service.*

Rates for toll service between any two of the following exchanges, Los Angeles, Montebello and Culver City, and between any one of these exchanges and any other toll point are the rates determined in accordance with the terms and conditions of Order No. 2495, dated December 13, 1918, and Order No. 2797, dated February 17, 1919, amendatory thereto, of the Postmaster General of the United States; provided, however, that as to any toll points on a connecting line over which rates established by the Postmaster General do not apply, the rate shall be the sum of the rate between any one of the above exchanges and the connecting point on such line to which such rates established by the Postmaster General do apply, and the rate in effect between this connecting point and the toll point.

## EXHIBIT "D."

## MAP SHOWING EXCHANGE AND PRIMARY RATE AREA BOUNDARIES OF CULVER CITY EXCHANGE.

Exhibit D.D







## DECISION No. 14421.

IN THE MATTER OF THE INVESTIGATION OF A REAR-END COLLISION -  
ON THE KEY ROUTE FILL OF THE KEY SYSTEM TRANSIT COM-  
PANY, IN THE CITY OF OAKLAND, COUNTY OF ALAMEDA, STATE  
OF CALIFORNIA.

Case No. 2085.

Decided December 31, 1924.

TRANSPORTATION—ELECTRIC RAILWAY—SAFETY OF OPERATION.—A rear-end collision having occurred on the Key Route fill in Oakland between a Key System Twelfth street train and a single car train of San Francisco-Sacramento Railroad Company, the Commission finds that said accident, resulting in the loss of ten lives, and serious injury to a number of passengers and members of the crews, was due to failure to observe safety regulations by the motorman of San Francisco-Sacramento Railroad train No. 15, and inadequacy of safety provisions. Additional safety measures, including maximum speed of 35 miles an hour for all trains, speed of 15 miles per hour in block signal zone after passing "caution" sign, and longer safety zones between signal blocks, are ordered installed.

BY THE COMMISSION.

**OPINION.**

On December 4, 1924, at about 7:54 a.m., a rear-end collision occurred in Oakland on the Key System fill of the Key System Transit Company between San Francisco-Sacramento Railroad train No. 15 and Key System Transit Company Twelfth street line train No. 725, at a point approximately opposite Signal 104W, resulting in the death of 10 passengers, serious injury to 29 passengers, slight injury to 8 passengers, injury to 2 employees, and equipment damage estimated at \$4,100.

The Commission, in accordance with its usual procedure, instructed Examiner Handford who is in charge of its Service Department, to make a full and complete investigation of the causes of the accident together with recommendations as to suggested preventative measures should such be developed in the course of the investigation.

The result of the investigation was presented to the Commission in Examiner Handford's report dated December 22, 1924, and a copy of said report is attached hereto and is hereby made a part hereof.

In the absence of direct testimony of the motorman who was operating train No. 15, the conclusions of the Commission from the testimony of others and from the substantial evidence as to the causes of the accident are as follows:

I. Failure of motorman of San Francisco-Sacramento Railroad train No. 15 to comply with the provisions of special rule in time table of Key System Transit Company which requires that on passing an automatic block signal in "caution" position the speed of the train shall be reduced so that a stop may be made prior to passing the next signal, should same be in stop position.

51—33193

II. Improper spacing of signals in automatic block signal territory under conditions where high speed trains have been injected into operation under control of signals designed for a maximum speed of 36 miles per hour, resulting in inadequate distance being available in which the effect of automatic emergency application of brakes can function should a signal in stop position be passed by a motorman.

III. As contributing causes, lack of proper and definite supervision of trains operating on joint track under contract, and general laxity as to the importance of train rules, operating regulations and time table requirements and special instructions relating thereto.

The circumstances surrounding this accident are fully and completely set forth in the report of investigation which is hereto attached and, as such report has been made a part of this opinion and order, it appears unnecessary to review in detail the causes and conditions surrounding the accident.

We have given careful consideration to conditions now existing and the possibility of preventing a similar accident. It is apparent from tests conducted and referred to in the attached report of investigation that a hazard of accident now exists, if high speed operation is to be continued and the present automatic block signal system on the Key System fill and pier is depended upon to ensure safe operation. We are, therefore, of the opinion and hereby find as a fact that the permissive speed now allowed in such territory is excessive and unsafe and should be reduced and that the block spacing be increased in accordance with the conditions set forth in the following form of order.

#### ORDER.

The Railroad Commission having directed that an investigation be made into the cause of the rear-end collision as occurring on December 4, 1924, on the Key System fill in Oakland on the railroad of Key System Transit Company, said investigation having been made and report thereon having been adopted and approved as the report of this Commission, the Commission being now fully advised and basing its order on the findings as appearing in the opinion which precedes this order;

*It is hereby ordered*, that Key System Transit Company, a corporation, be and same hereby is directed to conduct its operation of inter-urban trains on its Key Division in accordance with the following instructions, which are supplemental to rules and regulations and time table schedules now in effect:

I. Immediately reduce the speed of all trains operating within automatic block signal limits between San Pablo avenue and the Key System pier terminal to a maximum of thirty-five (35) miles per hour.

II. Immediately issue a special time table rule requiring all moter-

men to reduce speed at a block signal indicating "caution" to a maximum of fifteen (15) miles per hour and to proceed thereafter with train under such control that a stop may be made before passing the next signal.

III. Frequent checks to be made as to compliance by all motormen of speed restrictions as hereinbefore ordered.

IV. As a temporary condition, operation in the block signal territory between San Pablo avenue, Oakland, and the Key System pier terminal is to be conducted on the basis of two stop signals, one "caution" and two "clear" signals to be in the rear of a train, the second "clear" signal behind a signal indicating "caution" to be observed by motormen as a cautionary signal and to be fully observed in the same manner as if the signal was in "caution" position.

V. Time tables of Key System Transit Company to include schedules for operation of San Francisco-Sacramento Railroad Company cars and trains and such express trains of Key System Transit Company as are not now shown. Time tables of San Francisco-Sacramento Railroad Company to show schedules between 40th and Shafter, Oakland, and Key System pier terminal and intermediate points as for information only, and to contain a foot note or special rule to the effect that the current Key System Transit Company's time table and operating rules govern the operation while on Key System tracks.

VI. The Key System Transit Company is hereby directed to prepare a plan of spacing of the automatic block signals within the territory between San Pablo avenue, Oakland, and the pier terminal for the consideration and approval of this Commission, such plan to fully provide for the adequate spacing of trains and the variable speeds possible by the use of both San Francisco-Sacramento Railroad and Key System Transit equipment.

The Commission reserves the right to make such other and further orders in this proceeding as to it may appear just and proper or as the safety and convenience of the public may require.

Dated at San Francisco, California, this thirty-first day of December, 1924.

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**REPORT OF EXAMINER WM. J. HANDFORD, RAILROAD SERVICE  
INSPECTOR, ON KEY ROUTE - SAN FRANCISCO - SACRAMENTO  
RAILROAD COLLISION:**

SAN FRANCISCO, CALIFORNIA, DECEMBER 22, 1924.

*To the Honorable Railroad Commission of the State of California:*

**GENTLEMEN:** On December 4, 1924, at about 7:54 a.m., a rear-end collision occurred on the Key Division tracks of the Key System Transit Company at a point near Pole 104 on the fill between the subway under

the Southern Pacific tracks and the trestle leading to the Key System pier, in which were involved the consolidated Twelfth street train No. 725 of the Key Division, and train No. 15 of the San Francisco-Sacramento Railroad Company, the latter train running into the rear of the consolidated Twelfth street train and telescoping the last car of the Key Division train for a distance of about 12 feet. The accident resulted in 10 fatalities to passengers, 29 passengers seriously and 8 passengers slightly injured, and injuries to 2 employees of the San Francisco-Sacramento train, and equipment damage estimated at \$4,100.

#### OPERATING RESPONSIBILITY.

The trains of the San Francisco-Sacramento Railroad operate over the tracks of the Key System Transit Company's Key Division from the junction at 40th street and Shafter avenue, Oakland, to the Key Route pier and are operated over the double track of the latter company on 40th street to Spring street, thence along Spring street to and across Adeline street, thence along private right of way to and across San Pablo avenue, thence along Yerba Buena avenue to private right of way extending under Southern Pacific Company's Western Division main line tracks and along a dirt fill to the trestle leading to the Key System pier.

The operation of the San Francisco-Sacramento trains over this portion of the Key System tracks is conducted under the provisions of an agreement dated January 30, 1911, between San Francisco, Oakland and San Jose Consolidated Railway (predecessor in interest to the Key System Transit Company), and Oakland and Antioch Railway (predecessor in interest to San Francisco-Sacramento Railroad Company). The specific portions of the agreement which are of interest in establishing the definite authority for the supervision of the joint operation over the tracks hereinbefore mentioned are as follows:

Seventh: Under conditions and terms herein contained Key Route Company agrees to handle the electric passenger trains or passenger cars of the Antioch Company upon and over the tracks of the Key route between the point of interchange on the 40th street line to and through Oakland via the route on its said line, to and from the station at the end of the present Key Route pier, with the rights, liberty and privileges of the train crews and passengers of the Antioch Company to the ordinary use of said pier, station and facilities thereof. All equipment, train crews and passengers of the Antioch Company while upon the tracks of the Key Route Company shall be entirely under the control of, and be governed by the rules and regulations of the Key Route Company and the officials thereof.

All Antioch Company employees delivering cars to or receiving cars from the Key Route tracks or operating cars of any description over Key Route tracks, shall be familiar with all rules, time-tables, signals and other requirements of Key Route governing the operation of cars over its lines.

Portion of Ninth section: The Key Route Company reserves the right and same is hereby agreed to by Antioch Company to operate, at its option, the electric passenger trains or passenger cars of Antioch Company over Key Route Company's tracks as separate units in charge of Antioch Company employees, or coupled to and with the cars and trains of Key Route Company in charge of Key Route Company employees.

Trains of the San Francisco-Sacramento Railroad Company while operating over the Key System tracks heretofore mentioned are under the supervision entirely of Key System Transit Company officials, and although operated by San Francisco-Sacramento train employees, such employees are, while operating on Key System tracks, under the sole direction of Key System officials, rules and regulations, and all employees are required to pass examinations and receive the approval of Key System officials before being used in such service. The foregoing outline is necessary to establish the operating supervision and responsibility for the use of the joint trackage upon which the collision occurred.

#### DESCRIPTION OF ACCIDENT.

On the morning of December 4th, 1924, train No. 15 of the San Francisco-Sacramento line, originating at Concord, arrived at the station at 40th street and Shafer avenue, Oakland, cut off one car, and proceeded toward the Key Route pier with one car (No. 1014). The train proceeded without stop until reaching the home signal of Key System Tower No. 2 at the junction of the main line and the route used by the Twelfth street and Twenty-second street lines of the Key System Transit Company. At this point the San Francisco-Sacramento train was stopped by reason of the home signal being in stop position, the towerman having the clear route lined for the consolidated Twelfth street line train to proceed to the Key Route pier. After the departure of the Twelfth street line train toward the pier the route was lined for the San Francisco-Sacramento train and it proceeded toward the pier after receiving a clear signal at the home board of the interlocking plant. Proceeding westerly through the limits of the interlocking plant and through the subway under the Southern Pacific tracks, the train ran along the Key Route fill until it collided with the rear end of train No. 725 of the Key System Transit Company, such train having stopped with the end of its rear car at a point approximately opposite automatic block signal 104W, the Sacramento train telescoping into car No. 665 of the standing train. Automatic block signals govern the operation of all trains on the Key System pier and fill and 22 signals were passed by the motorman of the San Francisco-Sacramento train No. 15 after emerging from the subway. The automatic signals are spaced in this vicinity a distance of 420 feet apart and are so designed that the signal immediately in the rear of a train indicates stop when the rear axle of the train has passed the insulating joint placed at one end of the circuit and such insulated joint is located a few feet in advance of the signal. In normal operation, two danger signals and one caution signal are behind each train as it passes through the territory protected by the automatic block system. In addition to the signal indication the block signals are equipped with a rod which is so designed that when the

signal is at the stop position a car running by the signal at stop position is stopped by an emergency application of the air brakes, which are automatically set by reason of a tripper arm on the car striking the rod on the signal at stop position. This tripper arm is connected with a valve attached to the air braking mechanism and upon same being opened by the contact between the signal rod and the tripper arm the brakes are automatically applied in full emergency.

The cars of both the Key System Transit Company and the San Francisco-Sacramento Company are all equipped with the tripper device above referred to. The speed of trains on the Key Route fill is not restricted, if the view of the motorman is not obscured by fog or weather conditions, except by the following portion of the rule appearing in San Francisco-Oakland Terminal Railways, Key Division time table No. 16, effective October 15, 1912, under special instructions as applicable to automatic block signals:

Color and Meaning of Signals.—Automatic signals are of the upper quadrant indication and have three positions, excepting those which govern the approach to a semi-automatic signal or interlocking signal, which are adjusted to two or three positions as conditions require. When the arm is extended horizontally, and in addition a red light is displayed, it means stop. When the arm is extended upward at an angle of 45 degrees, and in addition a yellow light is displayed, it means proceed with caution, prepared to stop at the next signal. When the arm is extended upward at an angle of 90 degrees, and in addition a green light is displayed (normal position), it means proceed.

At the time of the accident there was an automatic signal set at stop at signal 104W, such signal being opposite the rear of the last car (No. 665) of the standing Twelfth street train (No. 725), also a stop signal at signal 108W, and a caution signal at signal 112W. The motorman of San Francisco-Sacramento train No. 15 passed the caution signal at 112W, and after so doing made an application of the air brake, such application having been distinctly felt by the conductor of his train. Approximately 30 seconds after this application was made the brakes went on in full emergency by reason of the tripper arm on the car engaging with the tripper rod on signal 108W, and approximately 30 seconds thereafter the rear end collision occurred. The reason that the motorman passed signal No. 108W without having his train under control so that a stop could be made before the tripper arm engaged with the tripper rod on signal 108W is unknown, the motorman upon advice of his attorney having refused to answer any inquiries or to give any statement as to his version of the circumstances connected with the accident. It is apparent, however, from the information secured from other witnesses that the motorman of San Francisco-Sacramento train No. 15 did not comply with the instructions contained in the special time table rules regarding automatic block signals as hereinabove quoted, and that his application of the air brakes was not sufficiently

heavy to bring his car to a stop within the required distance as established by the time table special rule. This failure on the part of the motorman of San Francisco-Sacramento train No. 15 was the primary cause of the accident.

In addition to the foregoing primary cause of man-failure regarding the observance of rules and regulations there were other contributing causes which require consideration and correction if the accident hazard is to be minimized and safety of operation is to be ensured.

#### **AUTOMATIC BLOCK SIGNAL SYSTEM.**

The present automatic block signal system between San Pablo avenue and the west end of the Key System pier is operated by electricity and uses alternating current. The electric power operating the signal circuit is entirely independent from the power used for train operation, the latter being direct current at 600 volts. The system was designed for operation of trains spaced on a 45-second headway, when operating at a speed of 36 miles per hour. This operation would result in a spacing of approximately 1680 feet between trains as normally proceeding with clear signals. The system is so designed that under normal conditions there are at all times two signals at stop and one at caution at the rear of a train, and the signals being spaced 420 feet apart there would be 840 feet in which the automatic stop feature of the signals would be operative and brakes set in emergency by the action of the tripper arm contacting with the rod on the signal in stop position. In addition there is a distance of 420 feet between the caution signal and the first stop signal in which distance motormen are required by rule to so reduce their speed upon passing a caution signal that they may be prepared to stop before reaching the next signal, should same be in stop position. It is obvious that the train must be stopped before passing a signal at stop position, otherwise the tripper arm on the car will strike the rod on the signal in stop position and the brakes on the train will be automatically set in emergency. In the present case, however, it clearly appears that the Twelfth Street train of the Key System Transit Company had stopped with a portion of its rear car extending east of signal 104W, and therefore there was but one stop signal east of the train and one caution signal. This condition, therefore, meant that the motorman of San Francisco-Sacramento train No. 15 had a distance of 420 feet between the caution signal at signal 112W in which to reduce speed before passing signal 108W, which was in stop position, and a distance of 420 feet, less the overhang of car No. 665 of the Twelfth Street Key System train, in which to stop to avoid the collision. The motorman reduced his speed by a service application before passing signal 108W, but had not brought the speed down to



a stop, as the emergency brake was set by the contact between the tripper arm and the rod on signal 108W.

It is clearly evident that the protective measures provided to ensure the emergency application of brakes by the action of the tripper arm in case the motorman failed to bring the train to a stop before passing an automatic block signal in stop position failed, in this instance, by reason of insufficient distance being present in which the emergency action of the brakes could be effective. This is a serious defect in the system and is accentuated by the fact that the cars and trains of the San Francisco-Sacramento Railroad as operated by the Key System Transit Company over this fill and pier are capable of attaining speeds as high as 55 miles per hour. The trains of the Key System Transit Company are limited by the character of their electrical equipment to a speed not exceeding 35 miles per hour and the hazard of accident under similar conditions is considerably less, although same exists as has been shown by a series of tests which have been conducted since the accident and are hereinafter referred to. The inclusion of cars or trains which are capable of attaining a speed of 55 miles per hour in operative track protected by an automatic block signal system designed to function at a maximum train speed of 36 miles per hour and where conditions as prescribed by operating rules allow but 840 feet in which a stop can be made without colliding with a preceding train has created a hazard of accident which should receive immediate correction.

#### RESULT OF SPEED TESTS.

Tests were made on the Key Route fill at a point near the scene of the accident to determine the distance in which trains and cars could be stopped by the manual operation of brake valve and by the emergency application by the "tripper arm." These tests were made with Key Division trains and cars, and with a car of the San Francisco-Sacramento Railroad of a similar type to that involved in the collision. The results of these tests are as follows:

Test No.	Cars in train, K. S. T. Co.	Kind of test	Speed miles per hour	Time required for stop	Distance required for stop
1	667,664 659,661	Hand emergency	----	11 seconds	333' 8"
2	667,664 659,661	Hand emergency	33.04	10 seconds	326' 4"
3	667,664 659,661	Tripper-arm	32.52	14 seconds	507' 11"
*4	667,664	Tripper-arm	33.66	15 seconds	545' 2"
5	659,661	Tripper-arm	33.66	14 seconds	458' 5"
6	659,661	Tripper-arm	33.04	13½ seconds	440' 6"
7	661 S. F. - Sac.	Tripper-arm	32.54	12 seconds	366' 10"
8	1,012	Hand emergency	37.68	15 seconds	563' 3"
9	1,012	Tripper-arm	38.35	21 seconds	782' 7"
10	1,012	Tripper-arm	39.41	21½ seconds	856' 6"
11	1,012	Tripper-arm	39.41	21½ seconds	879' 7"

\* In test No. 4 the tripper arms on the first two cars did not make the stop, the emergency being applied from the third car from the front end.

As the maximum speed of the San Francisco-Sacramento cars is an important factor to be considered in the circumstances surrounding this accident, such cars being geared at a ratio which develops higher speed than is possible with the Key System Transit Company's cars and trains, tests were made on the line of the San Francisco-Sacramento Railroad between Las Juntas and Meinert with a car of the same type as that involved in the accident. These tests were made under normal conditions with dry rail, no wind or weather conditions being adverse to normal operating conditions. The result of these tests is as follows:

Car used—San Francisco-Sacramento Car 1012.

Test made by starting from derail at Las Juntas and running east to Mile Post 31, at which point emergency stop was initiated.

Acceleration distance—approximately 7100 feet.

Speed by speed-meter reading	Time elapsing from application of brakes to complete stop	Distance traversed from application of brakes to complete stop	Application by brake
51½ miles per hour	20 seconds	918 feet	Hand application
"	24 seconds	1114 feet	Tripper-arm
50 miles per hour	26 seconds	1171 feet	Tripper-arm

\*Speedometer inoperative, pinion failing to contact during test.

From the above tests it is apparent, first, that the application of the brakes in emergency by the tripper-arm, and as regards the equipment of both railroads is not as effective in producing a stop as is the hand application in emergency position; and, secondly, that the distance of 420 feet (which was the distance between signal 108W and 104W) is not a sufficient spacing to ensure the stopping of the trains or cars of either company by either the application of the brakes by hand emergency or tripper emergency, such distance having been exceeded in four out of seven tests with Key System Transit Company equipment, and in all of the seven tests of the San Francisco-Sacramento Railroad equipment. It will also be noted that two complete signal blocks had intervened between the rear of the Key System Transit train and signal 104W, that the speed tests show that a hazard of accident was present in five of the tests made with the San Francisco-Sacramento equipment, two of which were at speeds less than 40 miles per hour.

#### CONDITION OF EQUIPMENT.

Complete and careful inspection of the equipment involved in this accident has been made and tests of the braking apparatus on the San Francisco-Sacramento car No. 1014. Nothing is revealed by the inspection and tests which would indicate that improper or faulty equipment was a contributing cause to the accident. Especial attention was given to the testing of the tripper-arm and tripper-valve on the San Francisco-Sacramento car No. 1014 and same was found to be in proper operative condition at the time of test, and that when applied to another car of the same type that it operated properly. It is my conclusion that the

condition of airbrake and other car equipment had no contributing cause to the accident.

#### **EMPLOYEES INVOLVED.**

All employees of both the San Francisco-Sacramento Railroad and the Key System Transit Company were experienced men with long service with the respective companies. None of them had been on duty over the hours prescribed by the "Hours of Service Law" and all had had the required rest period before reporting for duty on the date of the accident.

The motorman of the San Francisco-Sacramento train had been in railroad service since February, 1907. He was employed by the Oakland, Antioch and Eastern Railway (predecessor of the San Francisco-Sacramento Railroad Company) on August 17, 1918, and has been continuously in the employment of such company until the date of the accident. He had passed all the required examinations on train operating and time table rules of his employing company and was also qualified to operate over Key System tracks, as evidenced by a certificate so certifying under date August 17, 1918, and signed by Mr. E. R. Thornton, superintendent of the Key Division of the now Key System Transit Company. His personal record averages good, there being but five demerits standing against him on the discipline record as of December 3, 1924. The reason for his failure to respect the caution signal at Signal 112W to an extent permitting him to come to a full stop before passing Signal 108W is not known, and as he has, on the advice of his legal counselor, refused to answer questions, his version of his failure to comply with the special time table rule can not be secured. It is evident, however, and without his testimony, that the primary cause of the accident was his failure to comply with a rule upon which he had been examined and of which he had knowledge.

#### **ADMINISTRATION OF OPERATING RULES AND TIME TABLE REGULATIONS.**

Although the supervision of all San Francisco-Sacramento Railroad trains is under the jurisdiction of Key System Transit officials, and in fact such trains and cars are, by the terms of the agreement heretofore referred to, Key System Transit trains when operating between the junction at Fortieth street and Shafter avenue, Oakland, and the Key System pier, the proper supervision by Key System officials has not been, and is not now being, exercised beyond the examination that is required of San Francisco-Sacramento employees before they are certified as being eligible to operate over the Key System tracks. Trains of the San Francisco-Sacramento Railroad are not shown on the working time table of the Key System Transit Company and such time

tables contain special rules as regards operation which must be observed by San Francisco-Sacramento trainmen as well as Key System Transit Company employees. Key System Transit rule books are not furnished to the employees of the San Francisco-Sacramento Railroad who use the joint tracks, although many of the operating rules are pertinent and are applicable to such employees, and that employees are expected to have knowledge of Key System Transit rules appears from some typical rules which follow:

Employees engaged in the movement of trains must provide themselves with a copy of the current time tables of all divisions over which they are to operate and always have same with them when on duty.

All employees whose duties are prescribed by these rules will be furnished with a copy, which they will be required to have in their possession at all times while on duty.

*General Rules.*

A (1) Employees whose duties are prescribed by these rules must provide themselves with a copy.

The working time table of the San Francisco-Sacramento Railroad (Time Table No. 3, effective Sunday, May 25, 1924) shows scheduled trains between Oakland, Fortieth and Shafter, and pier terminal, as well as intermediate points. No special instructions as to operation in the block signal territory between San Pablo avenue and the pier terminal is shown, and employees are therefore dependent upon the Key System Transit Company's working time table for such instructions, and they are not furnished with such time tables. All trains of the San Francisco-Sacramento Railroad should appear on a time table of the Key System Transit Company as issued for the Fortieth street (or Piedmont line) and all trainmen operating San Francisco-Sacramento Railroad Company trains should have both the Key System Transit Company's current book of operating rules and Fortieth street line time table in their possession at all times when on duty. The time schedule as appearing in the San Francisco-Sacramento Railroad working schedule as covering the time between Fortieth and Shafter, Oakland, and the pier terminal should be shown as for information only, and a special rule or instruction should appear in such working time table to the effect that trainmen should be governed by the current time table and book of operating rules of the Key System Transit Company while operating over the Key System Company's tracks between Fortieth and Shafter, Oakland, and the Key System pier terminal.

**RECOMMENDATIONS.**

To correct the existing accident hazard and prevent the recurrence of a future accident by causes similar to those involved in this collision the following recommendations are made:

I. Immediately reduce the speed of all trains operating within auto-

matic block signal limits between San Pablo avenue and the Key System pier terminal to a maximum of twenty-five (25) miles per hour.

II. Immediately issue a special time table rule requiring all motormen to reduce speed at a block signal indicating "caution" to a maximum of fifteen (15) miles per hour and to proceed thereafter with train under such control that a stop may be made before passing the next signal.

III. Frequent checks to be made as to compliance by all motormen of speed restrictions as herein proposed.

IV. Time tables of Key System Transit Company to include schedules for operation of San Francisco-Sacramento Railroad Company cars and trains and such express trains of Key System Transit Company as are not now shown. Time tables of San Francisco-Sacramento Railroad Company to show schedules between 40th and Shafter, Oakland, and Key System pier terminal and intermediate points as for information only, and to contain a footnote or special rule to the effect that the current Key System Transit Company's current time table and operating rules govern the operation while on Key System tracks.

V. If in future it should be found desirable to increase speeds in automatic block signal territory between San Pablo avenue and the Key System pier terminal, a plan of spacing of automatic block signals within the above territory shall be presented to and be approved by the Railroad Commission, such plan to fully care for the spacing of trains and to consider the variable speeds possible by the use of both San Francisco-Sacramento Railroad and Key System Transit equipment.

Respectfully submitted,

W. J. HANDFORD,

Examiner, and Railroad Service Inspector.

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DECISION No. 14422.

IN THE MATTER OF THE APPLICATION OF SUTTER BUTTE CANAL COMPANY, A CORPORATION, FOR AN INCREASE IN RATES.

Application No. 9478.

IN THE MATTER OF THE INVESTIGATION INTO THE RATES, SCHEDULES AND CONDITIONS OF SERVICE OF THE SUTTER BUTTE CANAL COMPANY, ON THE COMMISSION'S OWN MOTION.

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Case No. 2034.

Decided December 31, 1924.

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RATES--WATER UTILITY--IRRIGATION SERVICE. --It is found that while applicant cannot expect a full return upon its investment by reason of the character of the water used, and of the present stage of development of the system, it is apparent that an increase of rates should be granted. Rate Base--A rate base of \$1,770,664 is found to be reasonable. Service Charge--Fluctuation in use of water and acreage under irrigation is so great as to warrant requiring all consumers to pay a service charge per acre annually during period in

which they continue to be active consumers, as a condition of obtaining water at established rates. Consumers will be required to renew their applications and agreements to continue as active consumers for three consecutive years, or they must file a notice of discontinuance of service, and must continue as an active consumer for two succeeding years.

*Declin and Brookman*, by *Douglas Brookman*, and *Isaac Frohman* and *Henry Ingram*, for Applicant.

*George F. Jones*, for Butte County Water Users' Association and Butte County Farm Bureau.

*Arthur B. Eddy*, for Protective Water Users' Association of Butte and Sutter Counties.

*J. J. Deuel* and *L. S. Wing*, for California Farm Bureau Federation.

*W. G. Copperroll*, for Butte County Farm Bureau.

*J. M. McGee*, *in propria persona*.

*W. M. Hunt*, *in propria persona*.

WHITTLESEY, *Commissioner*.

#### OPINION.

Application for an increase in rates as entitled above was made by Sutter Butte Canal Company on October 26, 1923. The Commission denied this application in its Decision No. 13122, rendered February 6, 1924. Thereupon the Sutter Butte Canal Company filed an application for rehearing, which was granted and was held on June 3, 1924, the matter was submitted on briefs, and a decision on said rehearing has since been pending. Thereafter, on June 20, 1924, the Sutter Butte Canal Company filed with the Commission a supplemental petition requesting authority, without prejudice to the original application or to any order which is pending thereon, for an emergency increase in rates to reimburse it for certain extraordinary pumping expenditures and loss in revenue incurred by reason of a water shortage existing on the system.

On July 11, 1924, after a hearing, the Commission rendered its Decision No. 13799 on said supplemental petition granting Sutter Butte Canal Company a schedule of emergency increased rates. Thereupon the Butte County Water Users' Association, protestants, filed a petition for rehearing of said supplemental petition which was granted and a rehearing held, at which time additional and supplemental evidence was submitted. On August 27, 1924, the Commission rendered its Decision No. 13963 on the supplemental petition wherein there was authorized a surcharge of 70 cents per acre on all rice land irrigated during the season of 1924. This rate was computed to cover the estimated cost of the emergency pumping for the remainder of this season, and amounted to a modification and a material reduction in the emergency increased rates as granted in Decision No. 13799. Furthermore, on August 27, 1924, the Commission issued an order reopening for further hearing Application No. 9478 and also an order instituting on its own motion Case No. 2034 for an investigation into the rates, schedules and conditions of service of Sutter Butte Canal Company.

These proceedings were consolidated for hearing and decision, public hearings thereon were held at San Francisco and Gridley on October 6 and 23, 1924, respectively, after due notice had been given to all interested parties. By stipulation entered into at the original hearing of said Application No. 9478, now before the Commission for decision on rehearing, all the records and files of the prior rate proceeding, Application No. 7317, are considered in evidence.

The rates at present in effect were established by this Commission in Decision No. 10372 after careful consideration and analysis of the large volume of testimony and evidence submitted which enabled a comparison to be made for a number of years of operating methods and conditions, the details of expenditures for maintenance and operation and for capital account, and the revenues derived from the acreage irrigated and charged. For the purpose of computing and designing this rate schedule the Commission at that time allowed the following as the reasonable and necessary annual charges to be returned from the revenues from the future operation of the system:

Maintenance and operation expenses.....	\$133,000 00
Depreciation annuity .....	19,000 00
Interest return on a rate base of.....	1,655,009 00

As indicating the conclusions reached by the Commission as the basis for its order in said Decision No. 10372, the following statements are quoted from the opinion preceding said order (21 C. R. C., pages 631 and 633):

"In view of all the circumstances, it is reasonable to conclude that the acreage irrigated and the revenues received in 1921 be made the basis for computation of rates for the immediate future. We, therefore, adopt as an estimated revenue the sum of \$248,000, if present rates continue in effect."

And further on in this opinion,

"The rates at present in effect produce an annual gross income of \$248,000. Deducting from this the necessary allowances for maintenance and operation, taxes and sinking fund annuity, there remains as net revenue available for fair return on the property \$96,000. This sum amounts to 5.8 per cent, on the rate base above shown. While it is true that this utility is still in process of development, we believe the company is reasonably entitled to a greater rate of return than that which it now receives. An increase in the rates will, therefore, be allowed in an amount sufficient, in our judgment, to enable the applicant, under continuing conditions of development, the return to which it is entitled."

The above rate schedule was first effective for the year 1922 and produced a gross revenue for the utility of \$275,440. However, for the following year, 1923, the gross revenue decreased to \$223,000 which

was due largely to the discontinuance of irrigation on about 7400 acres of rice land not planted that year. Whereupon the utility filed the present application, No. 9478, for a further increase in rates, in which it was alleged in effect that the schedule of rates under which it operated was unremunerative and inadequate to yield the necessary annual charges of the system. The Commission denied this application by its Decision No. 13122 heretofore mentioned, after careful consideration of all the evidence submitted, and an analysis of the details of operating records for a number of years past, including those for 1923. The basis for the Commission's conclusion that an increase in rates was not justified at that time, as evidenced in its decision, was the assumption of the possibility that the acreage which would be irrigated and charged in 1924 might equal the average of the acreage which had been planted to rice and other crops over the preceding four years; in which case it was shown by computation that the present rates would yield a revenue sufficient to net the utility a return of 6 per cent on the rate base of \$1,739,313, as allowed. However, it was pointed out that predictions as to the acreage that may be irrigated in future years are uncertain by reason of the great fluctuation experienced from year to year in the past, particularly in the case of rice acreage.

The cultivation of rice requires a delivery of approximately four times the quantity of water that other crops demand, and about 75 per cent of the annual revenues of the company for a number of years past has been produced from the rice acreage irrigated. Rice is an annual crop and the total acreage which may be planted in any year depends largely on the forecast of the grower as to the probable future market price of the commodity, which has in the past varied widely in accordance with supply and demand. The variation in the acreage of rice is further accounted for by the practice of resting the land for one or more years after three years cropping.

In reconsidering the reasonableness of the annual charges allowed by this Commission in its previous decision in this proceeding, the additional and supplemental evidence submitted on its being reopened for further hearing must be given consideration. This evidence includes detailed statements of 1924 operating records and also the detailed figures regarding the water shortage experienced on this system by reason of which the utility suffered a loss in revenue of over \$26,000 due to the necessity of discontinuing service to some 4000 acres of rice, and in addition to this incurred extraordinary emergency pumping expenses which totaled approximately \$45,000.

A comparison of the maintenance and operation expenses incurred for the past four years, as compiled from the evidence, is given in the



following table. Those for 1924 represent actual expenditures for nine months and estimated expenditures for three months:

*Maintenance and Operation Expenses.*

(Exclusive of Depreciation Annuity.)

<i>Items</i>	1921	1922	1923	1924*
Pumping expenses -----	\$22,370 31	\$12,015 54	\$7,721 83	\$8,650 00
Distribution expenses -----	61,147 99	61,757 81	51,062 34	54,750 00
Commercial expenses -----	4,301 40	7,089 86	3,827 99	3,760 00
Management, legal and general expenses -----	46,669 03	55,714 42	41,236 51	34,765 00
Taxes -----	13,796 67	15,226 40	19,236 51	28,983 00
Fund for extraordinary repairs -----	3,000 00	3,000 00	3,000 00	3,000 00
Emergency pumping expenses -----				45,000 00
Total operating expenses -----	\$151,286 00	\$154,804 03	\$126,763 88	\$178,848 00

\*Three months estimated.

As shown above, the total operating expenses for 1923 indicate a considerable reduction over those for the preceding years and are less than those for 1924. It appears that this reduction was accomplished by effecting various economies in operation and also by reason of favorable operating conditions obtaining that year which obviated the necessity for certain extraordinary expenditures such as the evidence shows had been incurred in the past and are likely to recur at intervals in the future. It is apparent that the large increase in 1924 expenses was due principally to the increase in taxes and to the extraordinary expenditures incurred for emergency pumping. Increases in other items of expense were largely offset by decreases in others. The increase in taxes was brought about by the action of the board of supervisors of Butte County in increasing the assessed valuation of the company from \$147,475 to \$505,980, with a resulting tax increase of over \$12,000.

The company has been reimbursed for approximately \$10,000 of the emergency pumping expenses of \$45,000. This amount was received from the surcharge of 70 cents per acre authorized by the Commission and levied on all rice land irrigated in 1924 as previously mentioned herein.

A further analysis and comparison of the items of operating expense for 1923 and 1924 indicates that under normal operating conditions the annual operating expenses of this utility should be kept under \$123,000. With this as a basis and allowing for the increase in taxes made effective in 1924 and also a sum to provide a fund to reasonably cover extraordinary expenses for flood damage and for pumping as they may recur periodically in the future, we obtain the total \$141,000 as a reasonable amount to include in the annual charges in this proceeding for future maintenance and operation expenses.

The depreciation annuity allowed in the prior rate proceeding was \$19,000. Adjusting this sum for additions and betterments and for retirements and abandonments made subsequently, that is, for the period October 1, 1921, to October 1, 1924, as determined from computations submitted in the evidence, we obtain a net total of \$19,709 for the depreciation annuity to be allowed in this proceeding.

The rate base fixed by the Commission in its Decision No. 10372 as a reasonable allowance for the purposes of that proceeding was \$1,655,009 as of October 1, 1921. The evidence shows that subsequent to this date applicant has installed additions and betterments amounting to \$137,077, and has retired or abandoned property estimated to have cost \$22,342. Making the adjustments for the above amounts, which have been found upon analysis to be properly charged, we obtain the total \$1,770,644, which will be allowed as the reasonable rate base as of October 1, 1924.

Summarizing from the above we obtain the following annual charges which will be allowed as fair and reasonable amounts to be produced from the rates in the immediate future:

Maintenance and operation expenses.....	\$141,000 00
Depreciation annuity .....	19,709 00
Interest return on a rate base of.....	1,770,644 00

The following tabulation compiled from the evidence shows the actual results of operation for the past four years:

<i>Items</i>	1921	1922	1923	1924
Total gross revenues.....	\$248,000 00	\$275,440 00	\$223,000 00	\$192,948 00
Operating expenses, including depreciation .....	169,936 00	173,804 00	145,764 00	197,848 00
Available for interest return..	\$78,064 00	\$101,636 00	\$57,236 00	-\$4,900 00
Return on the rate base				
\$1,655,000 as allowed.....	4.7%	6.1%	3.4%	deficit

As indicated in the former Decision No. 10372, applicant can not reasonably expect to receive a full return upon its investment by reason of the character of the water use and of the present stage of development of the system. However, from a consideration of the results shown above it is apparent that an increase in rates should be granted.

If the rates in the future are to return the above necessary annual charges, including 8 per cent on the rate base of \$1,770,664, it will be necessary that a gross annual revenue of over \$302,000 be produced, likewise if 6 per cent is earned, a \$266,900 gross revenue will be required, and if 4 per cent is yielded, \$231,500 will be required.

An analysis of exhibits showing the acreage irrigated and the acreage charged for a number of past years discloses the wide range within which the totals have fluctuated from year to year, particularly the rice acreage which as heretofore mentioned has contributed about 75 per

cent of the annual revenue. In 1922 the total acreage in rice was exceptionally large, being 28,128 acres, but in 1923 and 1924 the totals dropped to 20,737 and to 15,001 acres respectively, which was reflected by a corresponding reduction in revenues for those years as shown in the above table.

Another matter for consideration is the very general and long standing dissatisfaction and discontent existing on this system, which has been brought about mainly by the alleged discrimination due to the present form of rate schedule which provides for two classes of consumers, namely, contract holders and noncontract holders. The contract holders all protest against the increases made in the rates which had formerly been fixed in their original contracts. A certain large group also protests against the so-called "standby charge," whereby under the terms of their contracts they are obligated to pay the established rate for water whether the land is irrigated or not. A considerable number also desires the abrogation of these contracts in their entirety. The noncontract holders have protested the differential allowed contract holders in the present form of rate, claiming that an undue burden of the charge is thereby placed upon them and they have suggested that a rate be provided which would place all consumers on the same basis. It is evident that a continuation of these conditions will seriously retard the future development of this territory and, at the same time, the successful operation of this irrigation system will be rendered an economic impossibility. It is the opinion of the Commission that the time has come to eliminate the differential in favor of the contract holders, but we desire to state that it is not the intent of this decision to make, or attempt to make, any change in these contracts, or in the relations between the company and the contract holders, other than to fix the rates.

In view of all the facts regarding the past operations of this utility, and after several years of investigation and study of the situation the Commission is convinced that a material change in the form of rate schedule is necessary at this time in order to preserve for the future the best interests of the water users and the community as well as to provide sufficient revenues to enable the company to function successfully.

The experience of the operation of irrigation districts under the "Wright Act," which requires that all acreage benefited shall bear its share of the annual fixed charges, furnishes the basis for a practical solution in this case. However, a public utility supplying irrigation water can not assess charges against every acre under its ditch system as is done by a district. But in order that a utility may be assured a dependable income to meet its fixed charges it is desirable

that a stand-by charge be extended over as large an acreage as possible. To accomplish this end in the present instance, it is recommended that a rate schedule be designed which will require all consumers to pay a service charge per acre annually during the period in which they continue to be active consumers as a condition of obtaining water at established rates.

Suitable amendments to the rules and regulations to make this effective will be included in the following order. The duty of water for the irrigation of rice may vary considerably depending on the character of soil, drainage conditions, manner in which the land is checked for cropping and the methods employed for handling the water. It may vary from a minimum as low as five acre-feet per season to ten-acre feet or even higher. There has been considerable testimony and discussion as to the desirability of metering the delivery of water for rice in order to curtail extravagant and wasteful use of water and effect a conservation of the supply for the benefit of those consumers who exercise economy in its use.

The physical conditions present on the system make it extremely expensive to install measuring devices throughout the rice area and at this time neither the company nor the landowners can reasonably afford the expense. However, in the future extensive metering of this system may be necessary in order to conserve the available supply to meet the demands of increased acreage and use of water.

Under the circumstances it appears to be sufficient that provision be made that meters may be installed either at the option of the company or at the request of the consumers, and therefore in the order herein a schedule of metered rates will be established as well as a schedule of flat rates.

After a careful consideration of all the evidence submitted and in view of the particular facts and the local conditions which must be met, the form of rate schedule set out in the following order has been computed and designed to yield applicant a reasonable average annual revenue over a period of years, and at the same time not prove to be unduly high and burdensome for the consumers to pay.

The following form of order is therefore submitted:

#### ORDER.

Sutter Butte Canal Company having made application to this Commission for an increase in rates, as above entitled, which was denied by Decision No. 13122; petition for rehearing in this matter having been granted, public hearings having been held thereon and the matter having been submitted for decision; and thereafter the Commission having again reopened the matter for further hearing and having insti-

tuted on its own motion Case No. 2034 as entitled above, public hearings having been held thereon and additional and supplemental evidence having been introduced, and the entire matter having been fully submitted and the Commission being now fully informed in the matter,

It is hereby found as a fact that the present schedule of rates of the Sutter Butte Canal Company, in so far as it differs from the schedule herein established, is unjust, discriminatory and unreasonable and that the schedule of rates herein established constitutes just and reasonable rates to be charged by said company.

Basing its order on the foregoing findings of fact and on the other statements of fact contained in the opinion preceding this order:

*It is hereby ordered*, that Sutter Butte Canal Company be and it is hereby authorized and directed to file with this Commission within ten (10) days from the date of this order the following schedules of rates for irrigation water, said schedules of rates to be effective for service rendered for the 1925 irrigation season and thereafter:

#### **SCHEDULE No. 1—Flat Rates.**

##### **For Rice Irrigation.**

###### *Service Charge.*

\$1.25 per acre to accompany application.

###### *Additional Charges for Water Delivered.*

\$3.85 per acre payable on or before February 1st, plus 75 cents per acre if water is pumped.

\$3.85 per acre payable on or before July 1st, plus 75 cents per acre if water is pumped.

For Summer Plowing or for Sprouting Water Grass, Weeds, etc.,  
(In order to eradicate same and not for purpose of raising  
crops the same season or year).

###### *Service Charge.*

\$1.25 per acre to accompany application, which charge entitles consumer to one flooding, plus pumping charge at rate of 30 cents per acre foot if water is pumped.

###### *Additional Charges for Water Delivered.*

70 cents per acre for second and each subsequent flooding in the same year for the same purpose, payable before each flooding, plus pumping charge at rate of 30 cents per acre foot if water is pumped.

For Grain (other than Rice) Irrigation,  
(Including irrigation for double cropping such as beans or similar crops).

###### *Service Charge.*

\$1.25 per acre to accompany application, which charge entitles consumer to two irrigations, plus pumping charge at rate of 30 cents per acre foot if water is pumped.

###### *Additional Charges for Water Delivered.*

70 cents per acre for third and each subsequent irrigation during continuance of service, payable before each irrigation, plus pumping charge at rate of 30 cents per acre foot if water is pumped.

##### **For Irrigation of All Other Crops.**

###### *Service Charge.*

\$1.25 per acre to accompany application.

###### *Additional Charges for Water Delivered.*

\$1.00 per acre payable on or before February 1st, plus 40 cents per acre if water is pumped.

\$1.00 per acre payable on or before July 1st, plus 40 cents per acre if water is pumped.

**SCHEDULE No.2—Meter Rates.**

For Rice Irrigation.

*Service Charge.*

\$1.25 per acre to accompany application.

*Additional Charges for Water Delivered.*

\$2.50 per acre for 3 acre feet or less per acre, payable on or before February 1st, plus pumping charge at rate of 30 cents per acre foot if water is pumped.

For water used in excess of 3 acre feet per acre, additional payment to be made therefor at rate of \$1.45 per acre foot, plus pumping charge at rate of 30 cents per acre foot if water is pumped, same to be paid at end of month of use.

For Summer Plowing or for Sprouting Water Grass, Weeds, etc.

(In order to eradicate same and not for purpose of raising crops in the same season or year).

*Service Charge.*

\$1.25 per acre to accompany application.

*Additional Charges for Water Delivered.*

If total quantity delivered for first flooding is not over one-half acre foot, no additional charge. For all over one-half acre foot charge at rate of \$1.45 per acre foot. If water is pumped add pumping charge for total quantity delivered at rate of 30 cents per acre foot.

For all water delivered for second and subsequent floodings in same year for same purpose, charge for at rate of \$1.45 per acre foot, plus pumping charge at rate of 30 cents per acre foot if water is pumped; payments to be made at end of month of use.

For Grain (other than Rice) Irrigation,

(Including irrigation for double cropping for beans or similar crops.)

*Service Charge.*

\$1.25 per acre to accompany application.

*Additional Charges for Water Delivered.*

If total quantity delivered for first and second irrigations is not over one-half acre foot, no additional charge. For all over one-half acre foot charge at rate of \$1.45 per acre foot. If water is pumped add pumping charge for total quantity delivered at rate of 30 cents per acre foot.

For all water delivered for third and subsequent irrigations during continuance of service, charge for at rate of \$1.45 per acre foot, plus pumping charge at rate of 30 cents per acre foot if water is pumped; payments to be made at end of month of use.

For Irrigation of All Other Crops.

*Service Charge.*

\$1.25 per acre to accompany application.

*Additional Charges for Water Delivered.*

\$1.25 per acre for 1½ acre feet or less per acre, payable on or before February 1st, plus pumping charge at rate of 28 cents per acre foot if water is pumped.

For water used in excess of 1½ acre feet per acre, additional payment to be made therefor at rate of \$1.45 per acre foot, plus pumping charge at rate of 28 cents per acre foot if water is pumped, same to be paid at end of month of use.

*It is hereby further ordered,* that Sutter Butte Canal Company shall cancel and abolish Rules 1 and 2 of its Rules and Regulations at present in effect and shall substitute therefor the following revised rules for making applications for water:

1. Any owner of land or a lessee of land furnishing a guarantee acceptable to the company for payment of water bills incurred, located within the present service area of the irrigation system, who desires irrigation service of water either on all or a portion of his acreage, must file with the company on or before January 1st of the season of intended use a signed application and agreement made on the printed

form provided for the purpose. Thereupon such owner or lessee becomes an active consumer as to the acreage applied for, for a period of three consecutive years and obligates himself to pay during this period such rates and charges as are in effect for the use of water and service rendered. Thereafter at his option he may cease to be an active consumer by giving the company notice as provided in the following Rule No. 2.

2. At the beginning of each year, all active consumers on the system must either renew their applications and agreements to continue as active consumers for three consecutive years, or they must file with the company a notice to discontinue irrigation service for the production of crops the coming season. In case a notice to discontinue is filed, such consumer continues to be an active consumer for the two succeeding years, being the unexpired term of the three-year period of his last application and agreement filed with the company, and for said two years is obligated to pay the service charge together with the rate and charge in effect for water which he may require and which may be delivered for purposes other than producing a crop. However, a consumer having filed a notice for discontinuance may resume his relation as an active consumer for another three-year period by filing a new application for any kind of service desired either at the beginning of the third year of his unexpired application or at the beginning of any succeeding year.

*It is hereby further ordered*, that the date for the filing of applications for service or notices of discontinuance of service, as provided in the revised Rules 1 and 2 set out above in the order herein, is hereby fixed for the year 1925 only, as on or before the first day of February of that year, in conformity with the order extending such date of filing as issued by this Commission on the twenty-second day of December, 1924.

*It is hereby further ordered*, that Sutter-Butte Canal Company be and it is hereby directed to file with this Commission, within thirty (30) days from the date of this order, revised and amended rules and regulations which shall include the rules set out in this order and such other provisions to govern relations with its consumers as will make such rules and regulations conform with the schedule of rates set out herein.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this thirty-first day of December, 1924.

## Decision No. 14426.

IN THE MATTER OF THE APPLICATION OF LEWIS A. MONROE, AS JOINT AGENT FOR CROWN STAGE LINES, MOTOR TRANSIT COMPANY AND PICKWICK STAGES, INCORPORATED, FOR AN ORDER GRANTING PERMISSION TO PUBLISH AND FILE JOINT PASSENGER TARIFF SHOWING THROUGH FARES BETWEEN RIVERSIDE AND LONG BEACH, SERVED BY CROWN STAGE LINES ON THE ONE HAND, AND ALL POINTS SOUTH OF SANTA ANA TO AND INCLUDING SAN DIEGO, SERVED BY MOTOR TRANSIT COMPANY AND PICKWICK STAGES, INCORPORATED, ON THE OTHER HAND.

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Application No. 10404.Decided January 2, 1925.

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BY THE COMMISSION.

**ORDER.**

Lewis A. Monroe, acting as agent under power of attorney for and on behalf of Crown Stage Lines, Motor Transit Company, and Pickwick Stages, Incorporated, has petitioned the Railroad Commission for authority to publish and file tariff showing through joint passenger fares between Riverside and Long Beach, served by Crown Stage Lines on the one hand, and Capistrano, Oceanside, Encinitas, Del Mar, La Jolla and San Diego, served by Motor Transit Company, and Pickwick Stages, Incorporated, on the other hand, as shown in amended Exhibit A, attached to and made a part of the application.

In the establishment of through route and joint fares it is not proposed to change in any manner the physical operation of the stages, but to grant to the public the convenience of purchasing through tickets at originating point.

We are of the opinion that a public hearing is not necessary; that there is a public convenience and necessity for through route and joint fares and that the application should be granted.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the establishment of a through route and joint fares based upon the full combination of present local fares, as shown in amended Exhibit A attached to and made a part of the application, between Riverside and Long Beach, served by Crown Stage Lines on the one hand, and Capistrano, Oceanside, Encinitas, Del Mar, La Jolla and San Diego, served by Motor Transit Company, and Pickwick Stages, Incorporated, on the other hand.

*It is hereby ordered*, that the application of Lewis A. Monroe, as agent for and on behalf of Crown Stage Lines, Motor Transit Company, and Pickwick Stages, Incorporated, be and the same hereby is granted and the said companies are hereby authorized to publish and file on



ten (10) days' notice joint fares as shown in amended Exhibit A attached to and made a part of the application.

Dated at San Francisco, California, this second day of January, 1925.

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DECISION No. 14428.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY FOR PERMISSION TO CONSTRUCT AND MAINTAIN A RAILROAD TO BE OPERATED IN A SUBWAY FROM HILL STREET TO GLENDALE BOULEVARD, LOS ANGELES, CALIFORNIA, CROSSING AT GRADE AS AN APPROACH TO SAID SUBWAY FROM GLENDALE BOULEVARD THE INTERSECTION OF FIRST AND SECOND STREETS AND GLENDALE BOULEVARD, LUCAS STREET, THE INTERSECTION OF TOLUCA AND EMERALD STREETS AND THE TWO INTERVENING ALLEYS, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 9426.

Decided January 2, 1925.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

Pacific Electric Railway Company, applicant herein, filed a supplemental application with this Commission on December 24, 1924, in which two requests are set forth. The first request is for an extension of time of seven months beyond the time set in this Commission's Decision No. 12924, dated December 13, 1923, for the completion of the Hill street-Glendale boulevard tunnel authorized therein. Applicant states that it will be unable to have the tunnel completed and in operation by the first day of March, 1925, as required in said Decision No. 12924, but expects to have it in operation on or before October 1, 1925, depending upon the progress that can be made in the completion of the terminal facilities at Fourth and Hill streets. Monthly reports of the progress of construction filed by applicant, show that work is being diligently prosecuted. The request for an extension of time appears reasonable and should be granted.

The second request concerns the modification of the grade line of said tunnel from Flower street to Hill street, in order to enable the cars to be brought into the terminal below the grade of Hill street. To accomplish this change, minor changes of grade west of Flower street will be required. The proposed grades, which are to supersede those given on Exhibit "C" of this proceeding are shown on the map marked C.E. 6680 attached to the supplemental application. The track layout from Grand avenue to Hill street is shown on the map entitled "Proposed track layout at subway terminal Los Angeles," dated December 20, 1924.

The Commission in its Decision No. 12924 in this proceeding stated in part "that the public interest would perhaps be better served if

the tunnel here in question could be linked with some general subway system." The modification of grade of the easterly portion of the tunnel, authority for which is now sought by applicant, would appear to make it more feasible to connect this tunnel with a general subway plan than would be the case under the former plan. It therefore appears that this request of the supplemental application should also be granted.

*It is hereby ordered*, that the time limit of the compliance with condition 4 of the Commission's Decision No. 12924, dated December 13, 1923, as specified in said condition of said order in the above entitled matter, be and it is hereby extended up to and including the first day of October, 1925.

*It is hereby further ordered*, that the portion of condition 2 of said order in the above entitled matter relating to the construction of the tunnel at a grade substantially as shown on Exhibit "C" is hereby revoked; and

*It is hereby ordered*, that said tunnel shall be constructed at a grade substantially as shown on the map C.E. 6680 attached to the supplemental application.

In all other respects this Commission's Decision No. 12924 of December 13, 1924, in this matter shall remain in full force and effect.

Dated at San Francisco, California, this second day of January, 1925.

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DECISION No. 14429.

IN THE MATTER OF THE APPLICATION OF SAN JOSE WATER WORKS,  
A CORPORATION, FOR PERMISSION TO SELL STOCK AND PAY  
OUTSTANDING NOTES, AND ALSO FOR PERMISSION TO RENEW  
OUTSTANDING NOTES.

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Application No. 10689.

Decided January 5, 1925.

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*Jos. R. Ryland and H. S. Kittredge*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing San Jose Water Works—

1. To issue and sell 5891 shares of its capital stock, of the aggregate par value of \$589,100, at not less than \$105 a share for the purpose of refunding outstanding notes; and

2. To issue notes in renewal of such of the outstanding notes as are not paid within a reasonable time with proceeds obtained from the sale of the stock.

San Jose Water Works was organized on or about February 21, 1916. The company has an authorized capital stock of \$5,000,000 divided into

50,000 shares of the par value of \$100 each, all common. Heretofore, pursuant to authority granted by the Commission, the company has issued \$2,644,900 of stock to pay indebtedness and to finance the cost of extensions, additions and betterments.

As of November 30, 1924, applicant reports its assets and liabilities as follows:

<i>Assets.</i>	
Fixed capital .....	\$3,503,713 80
Cash and deposits .....	19,822 86
Accounts receivable .....	25,545 94
Materials and supplies .....	62,301 42
Prepayments .....	475 17
Suspense .....	31,322 32
Total assets .....	\$3,643,181 51
<i>Liabilities.</i>	
Capital stock .....	\$2,644,900 00
Premium on stock .....	54,805 00
Notes payable .....	618,460 06
Accounts payable .....	7,446 20
Consumers advances for construction .....	13,507 46
Service billed in advance .....	321 19
Taxes accrued .....	15,637 81
Reserve for depreciation .....	273,194 22
Other reserves .....	1,375 00
Appreciation of fixed capital .....	931 86
Corporate surplus .....	12,602 77
Total liabilities .....	\$3,643,181 51

By Decision No. 14213, dated October 28, 1924, in Application No. 9579, the Commission adjusted the rates charged by applicant. In the decision reference is made to a report, submitted by M. R. Mackall and M. I. Reed of the Commission's engineering department, which set forth the estimated original cost of the operative properties, exclusive of lands, rights of way and water rights, as of December 31, 1923, as \$2,814,991; a depreciation annuity, calculated by the sinking fund method at 6 per cent of \$33,449; and the estimated amount which would have accumulated in the sinking fund, had the depreciation annuity been compounded annually, of \$445,154. The present market value of the lands and rights of way as of December 31, 1923, was estimated at \$533,836.

Since its organization, applicant has paid dividends at the rate of 6 per cent per annum on its outstanding stock. In this connection Jos. R. Ryland, applicant's president, testified that in his opinion, under the rates allowed by the Commission by Decision No. 14213, the company should be able to maintain the dividend rate. The company has filed, in Application No. 9579, a copy of a resolution passed by its board of directors agreeing not to increase the dividend rate on the outstanding stock until a reserve for accrued depreciation has been established in accordance with the principles contained in Decision No.

14213, and further agreeing to create such reserve as soon as practical.

By Decision No. 12178, dated June 5, 1923, the company was authorized to issue and sell \$255,200 of stock to reimburse its treasury, pay indebtedness and finance the cost of additions and betterments installed prior to April 30, 1923. In making this application to issue additional stock amounting to \$589,100 the company reports fixed capital installed from April 30, 1923, to November 30, 1924, of \$672,922.34, which amount is segregated as follows:

Intangible capital .....	\$22 25
Land and buildings:	
Land devoted to water operations .....	\$5,861 34
Buildings, structures and grounds .....	28,772 78
Total land and buildings .....	34,634 12
Source of water supply:	
Impounding dams and reservoirs .....	\$38,375 80
Intake and suction mains .....	4,001 62
Wells .....	23,512 70
Total source of water supply .....	65,890 12
Pumping station and equipment .....	44,697 71
Transmission and distribution capital:	
Distribution mains and canals .....	\$375,030 27
Hydrants, fire cisterns, etc. ....	3,266 87
Services .....	33,256 76
Meters, measuring devices .....	100,298 37
Total transmission and distribution .....	511,852 27
General equipment:	
General office equipment .....	\$846 70
General shop equipment .....	5,952 12
General stable and garage equipment .....	9,027 05
Total general equipment .....	15,825 87
Total .....	\$672,922 34

The application shows that these expenditures have been financed in part through the issue of notes, which, as of November 30, 1924, as shown in the foregoing balance sheet, aggregate \$618,460. These notes it is now proposed to pay with proceeds to be received from the sale of the stock now applied for. The company asks, however, in the event it finds it impossible to dispose of its stock readily, to issue notes to renew the notes now outstanding, in whole or in part, such renewal notes to bear interest at not to exceed 6 per cent per annum and to be given for a period of one year or less.

#### ORDER.

San Jose Water Works having applied to the Railroad Commission for permission to issue stock and notes, a public hearing having been

held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue of stock and notes is reasonably required for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expense or to income:

*It is hereby ordered*, that San Jose Water Works be and it is hereby authorized to issue and sell at not less than \$105 a share, 5891 shares of its capital stock, of the aggregate par value of \$589,100, and to use the proceeds to pay the outstanding notes to which reference is made in the foregoing opinion, and through such payment to finance the cost of additions and betterments to its plants and properties.

*It is hereby further ordered*, that San Jose Water Works be and it is hereby authorized to issue its notes in the aggregate amount of \$618,460, payable on or before one year after date, with interest at not to exceed 6 per cent per annum, for the purpose of renewing the notes to which reference is made in the foregoing opinion.

The authority herein granted is subject to the following conditions:

1. Applicant may, if it so desires, issue its notes for a period of one year or less and may renew such notes from time to time, provided that the combined term of the notes originally issued under the authority herein granted and of those given in renewal do not exceed one year from the date of the notes originally issued under the authority herein granted.

2. Only such expenditures may be financed with proceeds from the sale of the stock herein authorized as are properly chargeable to fixed capital accounts as those accounts are defined in the Uniform Classification of accounts prescribed by the Railroad Commission.

3. Applicant shall keep such record of the issue, sale and delivery of the stock and notes herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted to issue stock will become effective upon the date hereof. The authority herein granted to issue notes shall become effective only when applicant has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$619.

5. Under the authority herein granted, no stock or notes may be issued after one year from the date of this order.

Dated at San Francisco, California, this fifth day of January, 1925.

## DECISION No. 14435.

IN THE MATTER OF THE APPLICATION OF SAN FERNANDO TELEPHONE AND TELEGRAPH COMPANY, A CORPORATION, FOR AUTHORITY TO ISSUE STOCK.

Application No. 10651.

Decided January 8, 1925.

*Ernest Irwin*, for Applicant.

BY THE COMMISSION.

**OPINION.**

San Fernando Telephone and Telegraph Company asks permission to issue and sell at par \$20,000 of its common capital stock and use the proceeds to acquire, construct and install additional telephone properties.

Applicant has an authorized stock issue of \$50,000 divided into 500 shares of \$100 each. Stock in the amount of \$20,000 is now outstanding. Reports on file with the Commission show that the outstanding stock is owned by R. J. McHugh, Walter F. Dunn and J. M. Baldwin. It is of record that the \$20,000 of stock which the company now seeks permission to issue will be purchased by applicant's present stockholders.

Applicant has a funded debt of \$16,250.

In connection with Application No. 4893 the Commission's engineers estimated the historical reproduction cost of applicant's properties as of August 1, 1919, at \$37,740.45 and the historical reproduction cost depreciated at \$28,564. Since the date of the appraisal the company reports that it has expended for additions and betterments the net amount of \$37,292.54. Applicant in its Exhibit No. 2 reports \$23,188.65 as a preliminary estimate of the cost of new construction. The cost of the plant that will be retired because of the new construction is estimated at \$4,000, leaving net additions of \$19,188.65. It is to finance this expenditure that applicant asks permission to issue and sell at par \$20,000 of common stock.

**ORDER.**

San Fernando Telephone and Telegraph Company having applied to the Railroad Commission for permission to issue and sell \$20,000 of common stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for by such issue is reasonably required by applicant and that this application should be granted as herein provided; therefore

*It is hereby ordered*, that San Fernando Telephone and Telegraph Company be and it is hereby authorized to issue and sell on or before

December 15, 1925, at not less than par for cash, \$20,000 of its common capital stock and use the proceeds to pay such cost of the additions and betterments described in Applicant's Exhibit No. 2 as is properly chargeable to fixed capital account under the uniform system of accounts prescribed by the Interstate Commerce Commission and adopted by this Commission. Any proceeds not used for said purposes may be expended only for such purposes as may hereafter be authorized by the Railroad Commission.

*It is hereby further ordered*, that applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this eighth day of January, 1925.

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DECISION No. 14436.

IN THE MATTER OF THE APPLICATION OF PARLOR CAR TOURS, A COPARTNERSHIP, OWNED AND OPERATED BY J. A. BOYD AND R. C. SMITH, TO TRANSFER CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CALIFORNIA PARLOR CAR TOURS COMPANY, A CORPORATION, AND OF CALIFORNIA PARLOR CAR TOURS COMPANY TO ISSUE STOCK.

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Application No. 10661.

Decided January 8, 1925.

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*Declin and Brookman*, by *Douglas Brookman*, for Applicants.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing J. A. Boyd and R. C. Smith to transfer a certificate of public convenience and necessity and properties to California Parlor Car Tours Company, a corporation, and California Parlor Car Tours Company to issue \$50,000 of stock.

By Decision No. 14035, dated September 10, 1924, in Application No. 9936, the Railroad Commission granted to J. A. Boyd and R. C. Smith a certificate of public convenience and necessity to operate an automobile stage line as a common carrier between San Francisco and Los Angeles, such service being confined solely to transportation between the two termini, no intermediate points being served.

It is now reported that pursuant to the authority granted in Decision No. 14035, operations were started on November 17, 1924, since which time one round trip has been made each week. The total revenues from

November 17 to December 26 are reported at \$2,232.50. It appears that the copartners, J. A. Boyd and R. C. Smith, desire that the business be conducted as a corporation and for that reason have caused the organization of applicant, California Parlor Car Tours Company, for the purpose of receiving the certificate of public convenience and necessity granted by the Commission and of thereafter operating pursuant to such certificate.

The articles of incorporation of California Parlor Car Tours Company show that it was organized on or about November 15, 1924, with an authorized capital stock of \$100,000, divided into 1000 shares of the par value of \$100 each. The company asks permission at this time to issue and sell \$50,000 of stock at par for the following purposes:

To purchase certificate of public convenience and necessity granted by Decision No. 14035-----	\$4,700 00
To purchase two parlor cars-----	21,000 00
To pay for advertising and for additional equipment-----	24,300 00
Total -----	\$50,000 00

According to the testimony of J. A. Boyd, the item of \$4,700 represents amounts actually expended in acquiring the certificate now held by the copartners, and includes attorneys fees, traveling expenses, costs for transcripts of proceedings before the Railroad Commission and expenditures of similar nature. A statement showing these expenditures in detail has been filed with the Commission. The amount, \$21,000, represents the cost, at \$10,500 each, of two 20-passenger Fageol parlor cars which will be transferred to the corporation, free and clear of indebtedness. In support of the proposed expenditure of \$24,300, applicants report that there has been an extensive demand for service of the nature covered by the certificate granted by the Commission, and now that such a certificate has been granted it is necessary that such an amount of the \$24,300 as may seem necessary, be expended for folders, circulars and other means of advertising to acquaint the traveling public with the inception of the service. It is further stated that the corporation may find it necessary to acquire a third 20-passenger Fageol parlor car which would cost \$10,500.

We do not believe that applicants have made a showing which enables the Commission to determine what amount it is necessary for applicant to expend for advertising. Moreover, under the uniform classification of accounts prescribed by the Commission for class "A" automotive transportation companies, the cost of advertising is chargeable to operating expenses and not to capital. The company reported at the hearing held in this proceeding the necessity of providing itself with funds for working capital. The company will be permitted to use \$2,000 of the proceeds from the sale of the stock for working capital.



The order following shows specifically for what purposes or under what conditions the proceeds from the sale of stock may be expended.

**ORDER.**

Application having been made to the Railroad Commission for an order authorizing the transfer of a certificate of public convenience and necessity and the issue of stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the application should be granted only as provided herein;

*It is hereby ordered*, that J. A. Boyd and R. C. Smith, copartners doing business under the firm name and style of Parlor Car Tours, be and they are hereby authorized to transfer to California Parlor Car Tours Company, a corporation, the certificate of public convenience and necessity granted by Decision No. 14035, dated September 10, 1924, and California Parlor Car Tours Company be and it is hereby authorized to issue and sell at par for cash, on or before December 31, 1925, not exceeding \$50,000 of its common capital stock.

The authority herein granted is subject to the following conditions:

1. California Parlor Car Tours Company may use the proceeds from the sale of its stock as follows:

a. To pay for certificate of public convenience and necessity herein authorized to be transferred.....	\$4,700 00
b. To pay for the two 20-passenger Fageol parlor cars referred to in foregoing opinion.....	21,000 00
c. To pay for an additional 20-passenger Fageol parlor car approximately.....	10,500 00
d. To provide working capital.....	2,000 00
Total .....	\$38,200 00

The remaining proceeds and such portion of the \$38,200 not needed for the foregoing purposes may be expended only as authorized by the Commission in supplemental orders.

2. California Parlor Car Tours Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. J. A. Boyd and R. C. Smith shall cancel immediately all tariffs and time schedules now on file with the Railroad Commission, and California Parlor Car Tours Company shall file immediately tariffs and time schedules in its own name, or adopt as its own the tariffs and time schedules heretofore filed with the Railroad Commission by J. A. Boyd and R. C. Smith, all such tariffs and time schedules to be identical with those heretofore filed by J. A. Boyd and R. C. Smith, such can-

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cellation and filing to be in accordance with the provisions of General Order No. 51, and other regulations of the Railroad Commission.

4. The rights and privileges which are herein authorized to be transferred may not hereafter be discontinued, sold, leased, transferred or assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has been secured.

5. No vehicle may be operated by California Parlor Car Tours Company unless such vehicle is owned by the company, or is leased for a specified amount on a trip or term basis, the leasing of the equipment not to include the services of a driver or operator. All employment of drivers or operators of leased cars shall be made on the basis of a contract by which the driver or operator shall bear the relation of an employee of the transportation company.

6. The authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this eighth day of January, 1925.

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DECISION No. 14439.

IN THE MATTER OF THE APPLICATION OF SANTOS MORAGA FOR  
PERMISSION TO EXECUTE A DEED OF TRUST AND ISSUE A NOTE.

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Application No. 10642.

Decided January 8, 1925.

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*H. K. Stahl*, for Applicant.

BY THE COMMISSION.

**ORDER.**

Santos Moraga, owning and operating a water plant at Atwood, formerly known as Richfield, Orange County, asks permission to issue a note for \$2,213.75 and execute a deed of trust to secure the payment of the note. The note is to bear interest at 7 per cent per annum, payable semiannually. The principal is payable in monthly installments of \$50 to November 19, 1927, at which time the balance of the principal and interest then remaining unpaid becomes due and payable.

The testimony shows that the \$2,213.75 represents the cost of material needed to pipe a new subdivision. The amount is payable to James F. Lewis, Jr., and Dora A. Lewis, his wife, as joint tenants. The deed of trust will be a lien on all the public utility property of Santos Moraga.

A public hearing was held in this matter before Examiner Fankhauser on January 5th.

The Commission has considered applicant's request and is of the opinion that the money, property or labor to be procured or paid for by the issue of the note herein authorized is reasonably required by

applicant and that the application should be granted, as herein provided; therefore

*It is hereby ordered*, that Santos Moraga be and he is hereby authorized to execute on or before March 1, 1925, a deed of trust substantially in the same form as the deed of trust filed in this proceeding on December 29, 1924, to secure the payment of a note for the sum of not exceeding \$2,213.75, which note he is hereby authorized to issue on or before March 1, 1925.

The authority herein granted is subject to the following conditions:

1. The authority herein granted to execute a deed of trust is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act and is not intended as an approval of said deed of trust as to such other legal requirements to which said deed of trust may be subject.

2. The authority herein granted will become effective when applicant has paid the minimum fee prescribed by section 57 of the Public Utilities Act, which minimum fee is \$25.

3. Within thirty days after the issue of the note herein authorized applicant shall file with the Railroad Commission a copy of such note, and shall also file with the Commission a certified copy of the deed of trust executed to secure the payment of the note.

Dated at San Francisco, California, this eighth day of January, 1925.

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#### DECISION No. 14446

IN THE MATTER OF THE APPLICATION OF SOUTHERN PACIFIC COMPANY FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF A SPUR TRACK ACROSS VERNON AVENUE, AND ACROSS DOUBLE TRACK RAILROAD OF THE LOS ANGELES RAILWAY IN THE CITY OF VERNON, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

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Application No. 10534.

Decided January 8, 1925.

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*Frank Karr*, for Applicant.

*John R. Berryman*, for Los Angeles County Grade Crossing Committee, a Protestant.

*J. W. Maltman, Erwin W. Widney and R. L. Horton*, for Whiting-Mead Company.

*John Grant*, for Grant Forge Shop.

*H. G. Weeks*, for Los Angeles Railway Company.

*Edwin M. Selby*, for the Sam Seelig Company.

*G. A. Collins*, for Southwestern Engineering Company.

*H. R. Brushcar*, for Los Angeles Chamber of Commerce.

*E. G. Judah*, for Commercial Board of Los Angeles.

*Joseph E. Lausberg*, for himself and wife.

BY THE COMMISSION.

#### OPINION.

In the above entitled application Southern Pacific Company seeks permission to construct a spur track at grade across Vernon avenue at

a point approximately eleven hundred feet west of Santa Fe avenue, in the city of Vernon, Los Angeles County, California.

A public hearing was held in this matter before Examiner Williams, at Los Angeles, November 10, 1924.

The proposed spur is intended to serve certain industrial property of the Whiting-Mead Company south of Vernon avenue and east of St. Charles avenue. The property on either side of Vernon avenue between Alameda street and Santa Fe avenue, a distance of about one-half mile, within which the proposed crossing is located, is industrial property. Southern Pacific Company serves the industries in this district to the north of Vernon avenue by means of a drill track from their lines on Alameda street. Applicant herein now proposes to extend one of the spur tracks leading from this drill track across Vernon avenue. This spur now serves Whiting-Mead Company property north of Vernon avenue, and it is desired to extend the service to certain property of this company on the other side of the road.

It was represented that the amount of traffic that would move over the proposed spur crossing on Vernon avenue would not exceed two movements per day and that this traffic could be restricted to the night hours when the vehicular traffic is light, without serious inconvenience to the industry served.

Vernon avenue is an important east and west street which extends through both the cities, Vernon and Los Angeles, intersecting many of the important north and south highways of Los Angeles. To the east of Santa Fe avenue, Vernon avenue connects directly with Pacific boulevard which is a wide highway. Although unimproved at this time it is planned to make Pacific boulevard one of the main highway arteries between Long Beach and Los Angeles. Vernon avenue, between Santa Fe avenue and Alameda street is at present sixty (60) feet in width, although it appears that the city of Vernon plans to widen this street in the near future. This street now carries a large volume of vehicular traffic. Exhibit No. 2 of the Los Angeles County Grade Crossing Committee, contains the result of a traffic check taken May 15, 1924, at Long Beach avenue and Vernon avenue which shows that between 6 a.m. and 6 p.m. 5491 vehicles passed along Vernon avenue. Los Angeles Railway Corporation has an important double track street car line on Vernon avenue which would be crossed at grade by the proposed spur track. From the testimony it is evident that Vernon avenue is now an important highway and will become more important in the future as the district in the vicinity is developed, and the proposed improvements of main highways which connect with Vernon avenue are effected. Therefore grade crossings over this avenue should be kept at a minimum consistent with public convenience and necessity.

There is a strip of property extending from Vernon avenue about eight hundred (800) feet to the south between Alameda street and Santa Fe, which includes the Whiting-Mead property to be served by the proposed crossing involved herein, that is industrial property, or potentially industrial property, now without industrial track facilities, other than a short spur extending from Southern Pacific Company lines on Alameda street east a short distance. The property immediately south of the above described industrial property without railroad service, is owned by the E. K. Wood Lumber Company, and is served by spur tracks off Southern Pacific Company's lines to the west on Alameda street, and also by a spur line off the Santa Fe track east of Santa Fe avenue. The spur connecting to the Santa Fe runs parallel to Vernon avenue and is approximately eight hundred (800) feet south thereof.

It appears that this industrial property immediately south of Vernon avenue between Alameda street and Santa Fe avenue could reasonably be served with railroad facilities without creating any additional grade crossings over existing important highways by one of the two methods. One in accordance with the plan suggested in the Los Angeles County Grade Crossing Committee's Exhibit No. 1, which proposes that the short spur track off Southern Pacific lines on Alameda street south of Vernon avenue, be extended easterly through the tract, parallel to Vernon avenue, to a point near Santa Fe avenue. The alignment for this extension would follow Audrey street from Hawthorn avenue to a point fifty (50) feet east of St. Charles avenue, beyond the limits of which it would pass through private property. The other possible method of securing railroad service to this industrial property would be by means of spur tracks leading from the Santa Fe track which now serves the E. K. Wood Lumber Company.

The record shows that the right of way for the extension of the spur track as proposed in Exhibit No. 1 of the Los Angeles County Grade Crossing Committee has all been pledged with the exception of that portion of the line which passes through the Whiting-Mead property, which incidentally is the property to be served by the grade crossing applied for in this application.

The Whiting-Mead Company is opposed to this extension on the ground that it would not permit of developing its property to as good advantage as would the extension proposed in the application, and also on the ground that this line would not connect with its sales department building which was built in 1922. Furthermore it is contended that the line of the extension suggested in the Los Angeles County Grade Crossing Committee's Exhibit No. 1 will pass through two of its lumber sheds. At present Whiting-Mead Company convey the freight from

the end of an existing spur north of Vernon avenue to the sales building on the south side of the street by means of truck, an operation which could be eliminated if the proposed spur were constructed.

With respect to obtaining railroad service for the industrial district in question from the Santa Fe spur now serving the E. K. Wood Lumber Company's property, the record shows that the right of way for this spur track is owned by the lumber company, which company is represented as being unwilling to permit any connections to its track.

If this industrial property south of Vernon avenue between Alameda street and Santa Fe avenue is to be served from the drill track north of Vernon avenue which connects to Southern Pacific Company's lines on Alameda street, it will require either that this drill track be extended across Vernon avenue and from it some spur track arrangement be developed whereby the various properties can be served, or that the various portions of this industrial area be served by a number of individual spur tracks constructed across Vernon avenue. Certainly the public hazard and inconvenience that would result from the latter arrangement could not be justified in view of the traffic importance of Vernon avenue and in consideration of the fact that there is a method by which this property can reasonably be served without the construction of any grade crossing over Vernon avenue. The owners of property to the east of the Whiting-Mead property south of Vernon avenue have filed an application with the city of Vernon for a franchise to construct and operate a spur track at grade across Vernon avenue at a point approximately 800 feet east of the crossing proposed herein, preparatory to filing an application with this Commission for permission to construct that crossing.

The Commission recognizes that, considered by itself, the amount of use to be made of applicant's proposed track crossing would not be so great as to make it by itself a formidable public hazard, but it is the Commission's duty to consider this matter in its relation to the general public welfare and other industrial developments. It appears that the proposed crossing will give industrial track service to a relatively small portion of the industrial area between Alameda street and Santa Fe avenue south of Vernon avenue. Unless preferential treatment is to be given the Whiting-Mead Company it will ultimately be necessary for the Commission to authorize additional spur tracks across Vernon avenue. Such a multiplicity of track crossings would undoubtedly become a serious and substantial public hazard and inconvenience. If a proposal should be presented to the Commission, whereby a comprehensive industrial track plan were developed that would adequately serve this block of industrial land without requiring more than one grade crossing over Vernon avenue, the installation of such a single grade crossing would not appear to be nearly so objectionable as the

construction of a crossing over this highway to serve a single piece of property. As yet no such comprehensive plan of development has been presented, due, it appears, to the inability of the several private interests owning property in the area concerned, to reach an agreement as to the details of such plan. Under these circumstances, the Commission would be remiss in its duty of restricting the public hazard due to unnecessary grade crossings, if it should approve the present application in the light of the certain knowledge that this would be the forerunner of other requests for additional spur track crossings over Vernon avenue.

From the evidence it does not appear that public convenience and necessity justify the granting of this application which seeks permission to construct a grade crossing over an important highway to serve only a small portion of a large industrial area, the major portion of which awaits railroad service. As shown by the testimony, there appears to be a practical way of serving the entire area without the construction of additional grade crossings over any important highway, lacking only cooperation of the various interests concerned.

Under such conditions it is proper that the present application should be denied.

#### ORDER.

Southern Pacific Company having made application for permission to construct a spur track at grade across Vernon avenue, in the city of Vernon, Los Angeles County, California, a public hearing having been held, the Commission being apprized of the facts, the matter being under submission and ready for decision;

*It is hereby ordered*, that the above entitled application be and the same is hereby denied.

Dated at San Francisco, California, this eighth day of January, 1925.

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#### DECISION No. 14447.

IN THE MATTER OF THE APPLICATION OF PACIFIC ELECTRIC RAILWAY COMPANY, A CORPORATION, FOR AUTHORITY TO ABANDON AND REMOVE ITS TRACKS ON WEST COLORADO STREET AND ORANGE GROVE AVENUE LINE, LOS ROBLES AVENUE AND WASHINGTON STREET LINE, AND CALIFORNIA STREET LINE IN THE CITY OF PASADENA, CALIFORNIA.

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Application No. 10690.

Decided January 8, 1925.

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BY THE COMMISSION.

#### OPINION.

Pacific Electric Railway Company, a corporation, has petitioned the Railroad Commission for an order authorizing the abandonment and removal of certain of its city line tracks in the city of Pasadena.

Applicant alleges that the tracks, herein proposed to be abandoned and removed, are tracks over which street railway operation is no longer conducted and has not been since the cessation of street car operation and the substitution of motor coach service over various routes in the city of Pasadena under the provisions of Pasadena Ordinance No. 2130 as adopted July 9, 1923, said ordinance having been adopted subsequent to the approval by the Railroad Commission of a plan of motor coach operation in substitution for street car service, said approval being contained in the Commission's Decision No. 12151 on Application No. 9045 as decided May 29, 1923; that the substituted motor coach service has been satisfactory to the city of Pasadena and that it is the desire of such municipality that the rails and tracks be removed; that certain street improvements are contemplated by the said city of Pasadena on the routes herein and if tracks are not removed large expense will be incurred by applicant for maintenance, replacement and street work.

The lines proposed to be abandoned and upon which the rails and tracks are to be removed are those formerly operated as the West Colorado street and Orange Grove avenue line; Los Robles avenue and Washington street line, and California street line.

The city of Pasadena has consented to the abandonment and removal of the tracks as herein sought by the applicant, as evidenced by Ordinance No. 2285 of the board of directors of the city of Pasadena passed and approved on October 28, 1924, a certified copy of said ordinance having been filed herein as a portion of the application in this proceeding.

We are of the opinion that this is a matter in which a public hearing is not necessary; that the continued maintenance of the street car tracks is no longer necessary or required by the public, and that the application should be granted in accordance with the following form of order.

#### ORDER.

Pacific Electric Railway Company, a corporation, having applied for an order authorizing the abandonment and removal of certain street car tracks in the city of Pasadena, said tracks being no longer used by reason of motor coach service having been substituted for the railway service; the permission of the board of directors of the city of Pasadena having been granted under appropriate ordinance; the Railroad Commission being now fully advised and of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted;

*It is hereby ordered*, that applicant, Pacific Electric Railway Company, a corporation, be and the same hereby is authorized to abandon



and remove all its tracks and appurtenances thereto which are now located upon the following described streets in the city of Pasadena:

I. That certain single track street railway on West Colorado street and Orange Grove avenue commencing at a point in the center of West Colorado street 125 feet west of the west line of Vernon avenue, thence westerly along Colorado street 1191 feet, thence northwesterly along a curve concave northeasterly 160 feet to a point in the center of Orange Grove avenue; thence along Orange Grove avenue 527 feet to end of said single track.

Also that certain double track railway on Orange Grove avenue, commencing at end of single track railway, above described, and running thence northwesterly along Orange Grove avenue 306 feet to end of said double track.

Also that certain single track railway on Orange Grove avenue, commencing at end of double track railway, above described, and running thence northwesterly, northeasterly and easterly along Orange Grove avenue 7765 feet to end of said single track.

Also that single track curve connection, concave northwesterly, commencing at the end of last above described single track railway on Orange Grove avenue and running thence northeasterly 138 feet to the center line of Los Robles avenue.

Also that certain single track curve connection, concave southwesterly, commencing at the end of the last above described single track railway on Orange Grove avenue and running thence southeasterly 139 feet to the center line of Los Robles avenue.

All the foregoing as more definitely shown in purple color on a blue print map marked C. E. H. 8172 and as filed with the application herein.

II. That certain single track railway on Los Robles avenue and Washington street, commencing at a point in the center of Los Robles avenue, distant 73.97 feet south of the center line of Washington street, thence along a curve concave southeasterly 119.04 feet to a point 5.75 feet north of the center line of Washington street and 73.97 feet east of the center line of Los Robles avenue, thence easterly along Washington street 2737.49 feet to a point 26 feet westerly of the center line of Lake avenue.

Also that certain siding on Washington street, beginning at a point 94.87 feet easterly of the center line of Los Robles avenue, thence easterly along Washington street 300 feet to end of siding.

All the foregoing as more definitely shown in purple color on a blue print map marked C. E. H. 8331 and as filed with the application herein.

III. That certain double track railway on California street, commencing at the switch points on California street, a short distance east of Fair Oaks avenue; thence westerly along California street, a distance of 3668 feet, more or less, to the switch point at the end of said double track; also that certain single track commencing at last mentioned switch point and running westerly along California street, a distance of 1100 feet, more or less, to the end of said track.

All the foregoing as more definitely shown in purple color on a blue print map marked C. E. H. 7764-b and as filed with the application herein.

Dated at San Francisco, California, this eighth day of January, 1925.

## DECISION No. 14455.

POSTAL TELEGRAPH-CABLE COMPANY, A CORPORATION.

vs.

PACIFIC GAS AND ELECTRIC COMPANY, A CORPORATION.

Case No. 1362.

Decided January 13, 1925.

BY THE COMMISSION.

**FOURTH SUPPLEMENTAL ORDER.**

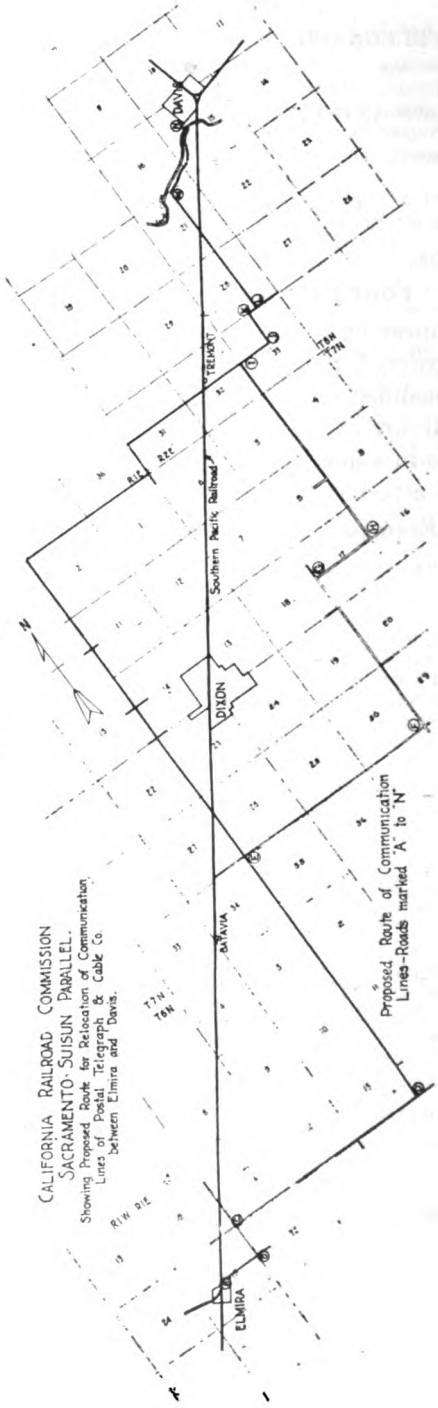
Good cause appearing,

*It is hereby ordered*, that section (1) of Decision No. 14241, in this proceeding, be modified to read as follows:

Remove its circuits now existing between Elmira and Davis, and relocate the same in a new position along adjoining highways, as shown in Exhibit "A" attached hereto.

Dated at San Francisco, California, this eighth day of January, 1925.

EXHIBIT "A."



## DECISION No. 14457.

IN THE MATTER OF THE APPLICATION OF NEVADA COUNTY TRACTION COMPANY, A CORPORATION, FOR AN ORDER AUTHORIZING APPLICANT TO PERMANENTLY DISCONTINUE AND ABANDON ITS STREET RAILROAD SERVICE AND TRACKAGE IN GRASS VALLEY AND NEVADA CITY AND IN NEVADA COUNTY, STATE OF CALIFORNIA.

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Application No. 9687.

Decided January 16, 1925.

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BY THE COMMISSION.

**ORDER.**

Nevada County Traction Company, a corporation, has petitioned the Railroad Commission for an order authorizing the discontinuance of service on its line of railroad between Grass Valley and Nevada City, all in Nevada County; for the abandonment and removal of its tracks and for the surrender of its franchises.

Applicant alleges that the service heretofore given has been operated at a substantial loss; that the railroad and equipment used thereon is no longer in condition to give useful or dependable service; that the revenue derived from operation has decreased to an extent that is insufficient to meet the cost of power and wages of the limited force required to operate the service; and that the stockholders of the applicant have been required to advance funds for the purpose of paying power bills, wages and other operating expenses.

Applicant further alleges that it has made application to the board of supervisors of Nevada County, to the city councils of the city of Grass Valley and the city of Nevada City for permission to relinquish the franchises heretofore granted to applicant by such political subdivisions; that the patronage accorded by the public is, and has been, steadily decreasing; that the traffic formerly enjoyed by the applicant has been diverted to privately owned automobiles which transport the owners thereof and their friends; that no justification exists for the continued operation of the railroad of applicant by reason of the public having withdrawn its patronage to an extent that the continued operation can no longer be conducted at a profit; and that to continue operation would only result in increasing the operating deficit and decrease the value of the security of the bonds which have been issued and are outstanding.

Results from operation during the year ending December 31, 1923, as reported to this Commission in the annual report of the applicant are as follows:

Railway operating revenues.....	\$24,135 55
Railway operating expenses.....	24,869 91
Net operating loss.....	\$684 36
Taxes .....	1,801 98
Net operating loss (including taxes).....	\$2,486 34
Deduction from gross income—	
Interest on funded and unfunded debt, etc.....	2,800 39
Net corporate loss.....	\$5,376 73

Regular operation was suspended on December 7, 1923, by reason of snow conditions and same has never been resumed due to the inability of applicant to secure funds with which to pay for electrical power, wages of trainmen and other current expenses.

The Commission by its Decision No. 12970 on Application No. 9243 as decided July 21, 1923, granted a certificate of public convenience and necessity to J. B. Grissel and J. F. Dolan, copartners operating under the name of J. B. Grissel and Company, for the operation of auto stage service between Central Mine and Nevada City, such operation serving the same territory as that formerly served by the applicant and also giving service to certain mines that were beyond the territory served by the applicant. This substituted service has evidently met the transportation needs of the communities served, there having been no complaints received from the public since its inauguration.

No protest against the discontinuance of service and removal of tracks was received except from the board of trustees of the town of Nevada City and the Commission has been advised by the mayor of Nevada City under date January 13, 1925, that such protest is withdrawn.

In view of all the facts in this proceeding, of which the Commission is fully advised, the line having been inoperative for a period of more than one year and the only protest against the suspension of operation and removal of tracks having now been withdrawn, we are of the opinion that this is a matter in which a public hearing is not necessary and that the application should be granted.

*It is hereby ordered*, that applicant, Nevada County Traction Company, a corporation, be and the same hereby is authorized to abandon and remove all its railroad, tracks and appurtenances in the city of Grass Valley, in the town of Nevada City and in the county of Nevada.

Dated at San Francisco, California, this sixteenth day of January, 1925.

## DECISION No. 14464.

IN THE MATTER OF THE APPLICATION OF PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION, FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AN AUTOMOBILE STAGE LINE FOR THE TRANSPORTATION OF PASSENGERS AND EXPRESS, BETWEEN LOS ANGELES AND THE CALIFORNIA-OREGON STATE LINE, AND INTERMEDIATE POINTS.

Application No. 8067.

Decided January 17, 1925.

*Chas. F. Uren, N. C. Folsom, J. E. McCurdy and Warren E. Libby*, for Applicant,  
*J. F. Frick*, for *H. K. Rudolph*.

*Gwyn H. Baker*, for Yellow Pennant Stages, Protestant.

*J. E. Lyons, Elmer Westlake, H. H. Gogarty*, for Southern Pacific Company, Protestant.

*Sanborn and Rochl and Smith* by *A. B. Rochl*, for American Railway Express Company, Protestant.

*H. A. Encell*, for *L & J Stages*, Coast Transit Company, *J. S. Nichols and C. M. Blabon*, Protestants.

*H. A. Encell and Carlton W. Greene*, for Red Star Stage Line, Protestant.

*Derlin and Brookman* by *Frank R. Derlin*, for Pacific Auto Stages, Inc., Protestant.

*J. E. McCurdy*, for Peninsula Rapid Transit Company, Protestant.

*James Snell*, for *Geo. H. Moore* as administrator of the Estate of *Victor W. Mathews*, deceased, Protestant.

BY THE COMMISSION.

## OPINION.

In this application as amended Pickwick Stages, Northern Division, a corporation, applies for a certificate of public convenience and necessity authorizing the operation of automotive stages as a common carrier of passengers and express packages between Los Angeles, San Francisco and intermediate points and between San Francisco and points on the Valley Route to the California-Oregon line, north of Cole.

Prior to May 1, 1917, the Pickwick Stages, Northern Division, a copartnership, was operating automotive passenger stage service between Los Angeles and Atascadero. Prior to May 1, 1917, Western Auto Stages was operating automotive stage service between Atascadero and San Francisco. On December 31, 1917, Pickwick Stages, Northern Division, a copartnership, having taken over the Western Auto Stage Company, applied for a certificate authorizing an extension of its existing stage service from Atascadero to San Francisco and intermediate points. The copartnership at that time having intended to form a corporation, on January 30, 1918, an amended application was filed in the name of Pickwick Stages, Northern Division, a corporation, in which said corporation asked for a certificate of public convenience and necessity authorizing the establishment of automotive stage service for the transportation of passengers and express packages between Los Angeles and San Francisco and intermediate points. Such application was necessitated at that time due to the fact that the original Auto Stage and Truck Transportation Act, namely, chapter 213,

Statutes of 1917, did not contain any provisions covering the transfer of existing operative rights.

Under Decision No. 5107 in Application No. 3421, dated February 5, 1918, the Railroad Commission issued its order declaring that public convenience and necessity required the operation by Pickwick Stages, Northern Division, a corporation, of an automotive stage service as a common carrier of passengers and express packages between Los Angeles and San Francisco. Said order did not specifically specify intermediate points. On June 8, 1921, the Railroad Commission issued an order to show cause on proposed modification of its Decision No. 5107 with reference to modifying the second paragraph of the above numbered decision by adding the words "and intermediate points" after the clause that public convenience and necessity required the operation by Pickwick Stages, Northern Division, a corporation, of an automobile stage service as a common carrier of passengers and express packages between Los Angeles and San Francisco.

A public hearing in the above entitled matter was held at San Francisco on June 22, 1921. On June 22, 1922, the Railroad Commission issued its Decision No. 10615 on the order to show cause in which decision, Decision No. 5107, of February 5, 1918, was amended to read:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Pickwick Stages, Northern Division, a corporation, of an automobile stage service as a common carrier of passengers and express packages between Los Angeles and San Francisco and the following intermediate points, to wit:

San Jose, Gilroy, San Juan, Salinas, Soledad, King City, San Lucas, San Ardo, Bradley, San Miguel, Paso Robles, Atascadero, San Luis Obispo, Pismo, Arroyo Grande, Santa Maria, Los Alamos, Los Olivos, Santa Ynez, Solvang, Gaviota, Capitán, Santa Barbara, Carpinteria, Ventura, Oxnard, Carmarillo and Newbury Park.

Said order further provided that no local service could be rendered between either of said termini or any of said intermediate points or between any of said intermediate points by Pickwick Stages, Northern Division, a corporation, under the authority therein granted, except as such local service may be furnished by said applicant on its through automobile stages operated in connection with its through service between Los Angeles and San Francisco and said applicant could not operate any automobile or auto stage for the purpose of rendering such local service or any part thereof in any manner independently of its through operation. No local business whatsoever in the transportation of passengers or express packages to be conducted by said applicant under the authorization hereby conferred between San Francisco and San Jose, inclusive, between Gilroy and San Jose, inclusive, and between San Juan and Gilroy, inclusive.

On September 16, 1922, the Railroad Commission issued a supplemental opinion in the above mentioned order to show cause being

Decision No. 10993 in which its previous order was amended in effect as follows:

Pickwick Stages, Northern Division, a corporation, is authorized to operate automotive stage service as a common carrier of passengers and express packages between Los Angeles and San Francisco and intermediate points as follows:

Between Los Angeles and Santa Barbara, inclusive, local service may be rendered to all intermediate points, either by through stages or by stages operated solely for the accommodation of local travel.

Between Santa Barbara and San Francisco, inclusive, local service may be rendered to and between the following named intermediate points, to wit: Santa Barbara, Capitan, Gaviota, Solvang, Santa Ynez, Los Olivos, Los Alamos, Santa Maria, Arroyo Grande, Pismo, San Luis Obispo, Atascadero, Paso Robles, San Miguel, Bradley, San Ardo, San Lucas, King City, Soledad, Salinas, San Juan, Gilroy, San Jose and San Francisco, provided, however, no local service between either of said termini of San Francisco and Santa Barbara and any of said intermediate points above named or between any of said intermediate points shall be rendered by said Pickwick Stages, Northern Division, a corporation, under the authorization herein granted, except as such local service may be furnished by said Pickwick Stages on its through automobile stages operated in connection with its through service between Los Angeles and San Francisco; and said applicant shall not operate any automobiles or auto stages for the purpose of rendering such local service, or any part thereof, in any manner independently of its through operation; provided, further, that no local business, whatsoever, in the transportation of passengers or express packages shall be conducted by said applicant under the authorization hereby conferred, between San Francisco and San Jose, inclusive; between Gilroy and San Jose, inclusive; and between San Juan and Gilroy, inclusive.

Public hearings in the above entitled application were held before Examiner Satterwhite at San Francisco, Salinas, Santa Maria and Los Angeles. Evidence and exhibits introduced, the matter is now submitted and ready for decision.

This application was protested by a number of protestants. Subsequent to the submission, however, applicant has acquired by purchase and transfer, authorized by the Commission, certain of the protestants' operative rights which will be more fully hereinafter set forth.

The protest of the Peninsula Rapid Transit Company, and the Pacific Auto Stages, a corporation, was directed toward the pick-up or discharge of passengers by applicant to or from points intermediate to San Francisco and San Jose, when such passengers originated at or were destined to points south of San Jose to a point where the differential between the local rates of the Pickwick Stages to or from San Jose exceeded the local rates of the Peninsula or Pacific Companies, San Jose to points intermediate not including San Francisco. Protest of the two companies above mentioned was met by a stipulation by applicant herein agreeing that such a provision could be incorporated in the Commission's decision and the order herein will so provide.

The protest of the Yellow Pennant Stage Line can be no longer considered in that said line abandoned service without authorization of the Commission and its operative rights have heretofore been revoked and annulled.

The protestant Red Star Stage Line operating between Paso Robles and San Luis Obispo is no longer necessary of consideration in so far



as this particular protestant is concerned in that its operative rights were acquired by the applicant through transfer under Application No. 9723. A similar condition exists as to protestant L & J Stages operating between San Luis Obispo and Santa Maria, its operative rights was acquired by applicant through transfer under Application No. 9796. This leaves as the only present protestant the Southern Pacific Company and the American Railway Express Company.

The protest of Geo. H. Moore as administrator, is based solely upon a claim which counsel representing him alleged had been filed in the superior court of Santa Clara County and a formal complaint filed with the Railroad Commission.

No evidence of any nature whatsoever was introduced with reference to this particular protest and it cannot be further considered in the determination of this application.

As to the matter of convenience we find it advisable to cover the territory involved in this proceeding by sections from the Oregon line, south.

**First section.**

Will cover the operative right held by applicant from the California-Oregon line north of Cole to San Francisco.

Under Decision No. 7209 in Application No. 5081 the Railroad Commission issued a declaration as follows:

The Railroad Commission hereby declares that public convenience and necessity require the operation by Pickwick Stages, Northern Division, Inc., of an automobile stage line as a common carrier of passengers and express packages between San Francisco, California, and the California-Oregon line north of Cole, provided, however, that the authority herein conferred does not authorize the carriage of any local passengers between Oakland and Davis; that no local passengers are to be carried between Woodland and the California-Oregon line unless vacant seats are available in the equipment operated by applicant and such vacant seats are not required for the accommodation of through passengers between points in the State of California and points in the State of Oregon; and provided, further, that no authority is herein conferred for the establishment of any local line between any of the intermediate points on the through route herein authorized.

No testimony whatsoever was introduced by applicant which would justify any alteration or amendment of this operative right as originally issued or authorize its consolidation or linking up with the operations of applicant herein from San Francisco south and the order will so provide.

**Second section.**

Covers the territory served by applicant from San Francisco to Salinas. In addition to the operative right heretofore obtained by applicant covering this territory it has subsequently acquired the operative right held by one Henry T. Campbell operating the stage line known as the White Star Stages. This operative right was acquired under Decision No. 10965 in Application No. 8224 and

authorized the operation of an automotive stage line between San Jose and Hollister and intermediate points and Hollister, San Juan and Salinas and intermediate points. Applicant has also acquired by purchase the operative right of one M. Enyart between San Jose and Gilroy by Decision No. 7346 in Application No. 5507. However, due to the fact that applicant had subsequently disposed of this operative right to one Heple, it was, by stipulation eliminated from consideration in the present proceeding.

In addition to enlargement requested of its existing operative right applicant also applies for an extension of its passenger and express stage service from Salinas to Monterey. No evidence was introduced as to the necessity for the proposed extension, applicant at the present time having joint rates with two existing operators between the points hereinabove last named. This portion of the application will be dismissed.

In view of the evidence introduced in this proceeding, the stipulation entered into by applicant with reference to points intermediate San Jose to San Francisco, we are of the opinion that public convenience and necessity require the establishment of service by applicant of automotive passenger and express service between San Francisco, and Salinas, and San Jose, Hollister and Salinas and intermediate points, but not locally between San Francisco and San Jose, inclusive, and intermediate points, applicant not to pick-up or discharge any passengers whatever to points intermediate to San Jose and San Francisco when such passengers originate at or are destined to any point south of San Jose to and including King City. This operation to be carried on in connection with and as a part of through operation south of Salinas as hereinafter more fully set forth.

#### Third section.

As regards the section Salinas to San Luis Obispo. Due to abandonment of service by protestant Yellow Pennant Stages and the purchase of the Red Star Stage, Paso Robles to San Luis Obispo, the only remaining protestants in this territory are the Southern Pacific Company and the American Railway Express Company.

It appears from the history of stage operation over this route as brought out by evidence that a public necessity exists for local service, Salinas to King City and also locally from Paso Robles, to San Luis Obispo, the latter service now being rendered by applicant herein under certificate recently purchased. A number of witnesses were produced at the hearing at Salinas with reference to the necessity of the traveling public for local stage service supplementing rail service rendered by the Southern Pacific Company; also with respect to necessity for a limited express service. Such a limited express service is now being rendered. The evidence does not justify an enlargement of the express

service of the Pickwick Stages as regards limitation on weight haul. We believe, however, that public convenience and necessity does require the operation by applicant herein of through and local service in conjunction with and as a part of its San Francisco-Los Angeles service as hereinafter more fully set forth.

**Fourth section.**

Covers territory between San Luis Obispo and Santa Barbara.

The protest of the L & J Stages operating between San Luis Obispo and Santa Maria is eliminated through the acquisition of such operative rights through transfer by applicant herein. A portion of the present application asking for a new operative right between Harris and a junction with the Buelton-Lompoc highway near Lompoc was also eliminated through amendment to the application during the course of the hearing. In this particular territory applicant holds an operative right from Santa Barbara to San Luis Obispo as more fully hereinabove set forth, having obtained said right under the provisions of Decision No. 5107. In addition thereto under Decision No. 8181 in Application No. 4468, dated October 1, 1920, applicant obtained a certificate authorizing the operation of automotive stage line as a common carrier of passengers and express between Buelton and Lompoc and intermediate points; also under Decision No. 10079 in Application No. 7508 dated February 8, 1922, applicant obtained a certificate authorizing the operation of an automotive stage line as a common carrier of passengers and express between Solvang and Santa Ynez and intermediate points.

We believe that the evidence in this proceeding justifies the establishment by applicant herein of through and local service between Santa Barbara and San Luis Obispo in conjunction with and as a part of its Los Angeles-San Francisco service with the exception of its operative right between Buelton and Lompoc, it appearing in view of the elimination of the Lompoc-Harris route, that this operation could be better carried on as a stub line operating locally between Buelton and Lompoc. Applicant, however, should be authorized, for the convenience of the traveling public to establish through rates between the points upon its coast route, San Francisco to Los Angeles and Lompoc.

The evidence further shows that there is no necessity for the rendition of individual local service between Santa Maria and Harris, this territory being adequately served locally by the passenger stage line operating between Lompoc, Orcutt, Harris and Santa Maria. This order, however, should permit applicant to handle passengers locally, solely upon its through stages, Santa Barbara to San Luis Obispo.

**Fifth section.**

Covers territory served by applicant between Santa Barbara and Los Angeles. In this particular section in addition to blanketing its existing

operative rights applicant asks for a new extension of service between Los Angeles, Palisades, Inceville, El Vernado, Yerba Buena, connecting with its existing route several miles west of Camarillo.

As regards this new proposed route there is no evidence whatsoever submitted with reference to public necessity for such service other than the desire of applicant to so operate. Such portion of the application will be denied.

At the present time applicant operates between Los Angeles and Ventura over a number of different routes, the most westerly being known as the Conejo Pass Route via Encino Acres, Calabasas, Newbury Park and Camarillo, secondly over the Santa Susana Pass via Chatsworth, Santa Susana and Moore Park; the other, over what is known as Santa Paula Route via San Fernando, Castaic and Santa Paula.

In addition to the operative right obtained by applicant under Decision No. 5107 which authorizes operation over the Conejo Pass Route, it has subsequently secured under Decision No. 7889 in Application No. 5752, dated July 22, 1920, a certificate authorizing the operation of automotive stage service as a common carrier of passengers and express between Somis and a point on the state highway about two miles south of the city of Ventura and intermediate points.

Also by Decision No. 8627 in Application No. 8751, dated February 21, 1921, a certificate authorizing operation of automotive stage service for the transportation of passengers and express matter between Moore Park and Santa Paula; also by Decision No. 14310 in Application No. 8368, secured through transfer operative rights of Harry M. Hunt between Ventura and Santa Paula and intermediate points; also by Decision No. 10034 on Application No. 5937, dated January 30, 1922, secured through transfer the operative right of the United Stages, Inc., covering operation between Los Angeles and Santa Barbara, via the following route and serving the following intermediate points:

Los Angeles thence over Calhenga Pass, Ventura Boulevard, to Encino Acres, Calabasas, Newbury Park, Triunfo, Conejo, Camarillo, El Rio, Ventura, Rincon, Carpinteria and Santa Barbara and between Los Angeles and Santa Paula via Calhenga Pass, Universal City, Lankershim, San Fernando, Newhall, Saugus, Castaic, Piru, Fillmore, and Santa Paula.

With reference to the above operative rights, inasmuch as such operative rights were leased to the Pickwick Stages with option to purchase applicant stipulated that the order, if authorizing consolidation of said rights with its existing rights, that such order provide that should the completion of said transfer not be consummated, such operative rights shall be reverted to the United Stages, Inc., and be

entirely eliminated from the certificate or certificates held by applicant herein. The order will so provide.

In Decision No. 6072 in Application No. 4304, dated January 17, 1919, applicant was granted a certificate authorizing operation of passenger and express service between Los Angeles and Camarillo via Santa Susana.

There is no necessity for passing upon the enlargement of operative rights on this division, namely, Los Angeles to Santa Barbara, locally, inasmuch as these rights already vest in applicant due to operation under certificates now held prior to May 1, 1917, that is, as regards operation between the points on the individual three routes.

As regards operation between points on one route and points on another route, inasmuch as there is no cross country operation by any carrier and passengers are obliged to go to a connecting point and return over another route, we believe that public convenience and necessity would be served through the granting of such portion of the application and that public convenience and necessity further require that points served by applicant on the Santa Barbara-Los Angeles Division be connected with points served by applicant on its other division north to San Francisco.

After carefully reviewing the evidence herein, which due to the great amount thereof, it is impracticable to review in detail and taking judicial notice of decisions of the Railroad Commission, either transferring certificates of certain protestants to applicant or revoking certificates due to abandonment of service by the operator, we are of the opinion and hereby find as a fact that public convenience and necessity require the operation by Pickwick Stages, Northern Division, a corporation, of automotive stage service for the transportation of passengers and express between San Francisco and a point on the California-Oregon line, north of Cole, only in such manner as set forth in Decision No. 7209 originally creating said certificate and not as a part of or in conjunction with its stage operations, San Francisco to Los Angeles.

We hereby further find as a fact that public convenience and necessity require the operation by Pickwick Stages, Northern Division, a corporation, of automotive stage service for the transportation of passengers and express as more fully set forth in detail specifically naming individual points in the order following this opinion, in accordance with restrictions as therein provided.

We hereby further find as a fact that public convenience and necessity does not require the operation by Pickwick Stages, Northern Division, a corporation, of automotive stage service for the transportation of passengers and express between Los Angeles and a point west of

Camarillo via Palisades, Inceville, El Vernado and Yerba Buena, nor of the operation of individual local stage service between Santa Maria and Orcutt and Harris or for the operation of automotive stage service for the transportation of passengers and express between Salinas and Monterey and intermediate points, nor for the transportation of passengers or express between San Francisco and San Jose and intermediate points, nor for the transportation of passengers and express originating at or destined to points intermediate to San Jose and San Francisco when such passengers or express are destined to or originate at points, San Jose to King City, inclusive.

In view of the fact that subsequent to the submission of the present proceeding applicant has acquired certain additional operative rights not paralleling, but connecting with its Los Angeles-San Francisco coast service, in which application they not only ask for the transfer of said operative rights, but for an order authorizing the connecting up of said lines with its existing operation and further in view of the fact in authorizing the transfer the decision provided that the matter of connecting up such operation would not be acted upon at the time, but would be held in abeyance for further decision pending a decision in the instant application, we are of the opinion that the order in the present application should provide that the Commission reserves the right to issue such further order or orders as it may appear to be hereinafter warranted by public convenience and necessity.

#### ORDER.

Public hearings having been held in the above entitled proceeding, evidence introduced, the matter submitted and being now ready for decision:

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by Pickwick Stages, Northern Division, a corporation, of an automotive stage service for the transportation of passengers and express between Los Angeles and San Francisco and points as hereinafter set forth and other intermediate points not otherwise excepted, via the Conejo Pass:

Los Angeles, Encino Acres, Calabasas, Triunfo, Camarillo, Oxnard, El Rio, Ventura, Rincon, Carpinteria and Santa Barbara.

#### **Via the Santa Susana Pass Route—**

Los Angeles, Encino Acres, Marion, Zelzah, Chatsworth, Santa Susana, Simi, Moore Park, Somis, Camarillo, Oxnard, Somis Jet., Saticoy, Saticoy Jet., Santa Paula, Ventura, Rincon, Carpinteria, Santa Barbara.

#### **Via Santa Paula Route—**

San Fernando, Newhall, Saugus, Castaic, Piru, Fillmore, Santa Paula, Saticoy Jet., Saticoy, El Rio, Oxnard, Ventura, Rincon, Car-

pinteria, Santa Barbara, and between each and all points named in one route to those on the other routes hereinabove mentioned, and Naples, Capitan, Gaviota, Los Cruces, Buelton, Santa Rita, Lompoc, Solvang, Los Olivos, Santa Ynez, Los Alamos, Harris, Bicknell, Orcutt, Santa Maria, Nipomo, Arroyo Grande, Pismo, Ontario Hot Springs, San Luis Obispo, Santa Margarita, Atascadero, Templeton, Paso Robles, San Miguel, Bradley, San Ardo, San Lucas, King City, Greenfield, Soledad, Gonzales, Chular, Salinas, and San Juan Seed Farm, Hollister, Sargent, Bloomfield, Gilroy, Day Road, Rucker, San Martin, Watsonville Road, Morgan Hill, Madrone, Perry, So. Coyote, Coyote, Pomar, Edenvale, San Jose and San Francisco.

But that public convenience and necessity does not require the operation by applicant of automotive stage service between Los Angeles and a connection with the highway west of Camarillo via Palisades, Inceville, El Vernado and Yerba Buena, nor local service other than on through cars between Los Angeles and Saugus and intermediate points, nor the operation by applicant of automotive stage service between Harris and a point to a connection with the Buelton-Lompoc highway nor the operation of automotive stage service between Salinas and Monterey and intermediate points, nor the operation of automotive stage service for the transportation of passengers between San Francisco, San Jose and intermediate points, nor for the transportation of passengers originating at or destined to points intermediate to San Francisco and San Jose, when such passengers originate at or are destined to points San Jose to King City and intermediate points, inclusive.

Nor does public convenience and necessity require the operation of automotive stage service between San Francisco and a point on the California-Oregon line north of Cole in conjunction with and as a part of applicant's San Francisco-Los Angeles service, nor in any manner greater or different than the operation as authorized under Decision No. 7209; and

*It is hereby ordered*, that a certificate of public convenience and necessity as herein above set forth be and the same hereby is granted, subject to conditions as hereinafter set forth;

*It is hereby further ordered*, that Application No. 8067 in all other respects be and the same hereby is denied.

Express matter authorized to be handled under the certificate herein granted shall be confined to packages not in excess of 75 pounds in weight, all packages over 40 and up to 75 pounds in weight to be accepted at option of the carrier providing space is available.

The certificate herein granted shall be in lieu of and not in addition to certificates held by applicant herein covering points authorized to be served under the certificate herein granted, the certificate herein

granted authorizing applicant to serve points covered by the certificates obtained under lease from United Stages, Inc., shall be no longer in force and effect as regards all points heretofore served by United Stages, Inc., prior to the transfer authorized by Decision No. 10034 and not served by Pickwick Stages, Northern Division, Inc., prior to said decision should said Pickwick Stages, Northern Division, a corporation, fail to consummate the lease and transfer agreement authorized in said Decision No. 10034.

Applicant shall file its written acceptance of the certificate herein granted within a period of not to exceed twenty (20) days from date hereof which written acceptance shall expressly set forth that applicant accepts said certificate in lieu of and not in addition to all certificates now held by applicant corporation covering territory therein authorized to be served; shall file within a period of not to exceed fifty (50) days from date hereof in duplicate, tariff of rates as set forth in Exhibit "A" accompanying its original application herein, provided that no rates therein contained covering service between points to which rates are quoted in C. R. C. No. 24 by Pickwick Stages, Northern Division, a corporation, shall be in excess of the rates as set forth in said C. R. C. No. 24.

*It is hereby further ordered*, that the Commission reserves the right to make such other and further order in the above entitled application as public convenience and necessity may make it appear proper in the premises.

For all other purposes the effective date of this order shall be thirty (30) days from date hereof.

Dated at San Francisco, California, this seventeenth day of January, 1925.

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DECISION No. 14466

IN THE MATTER OF THE APPLICATION OF IMPERIAL UTILITIES CORPORATION, FOR PERMISSION TO ISSUE A NOTE TO IMPERIAL FARM LANDS ASSOCIATION, IN FULL SATISFACTION OF A CLAIM ARISING FROM AN AGREEMENT, ATTACHED TO, AND MADE A PART OF, APPLICATION No. 3106, DECISION No. 4985, DATED DECEMBER 26, 1917, SUCH NOTE TO BE DATED JUNE 15, 1924, FACE VALUE SEVEN THOUSAND DOLLARS, PAYABLE IN FIVE YEARS, WITH INTEREST AT SIX PER CENT PER ANNUM.

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Application No. 10685.

Decided January 17, 1925.

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*L. M. Burntjaeger*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Imperial Utilities Corporation to issue to Imperial



Valley Farm Lands Association its five-year 6 per cent note due June 15, 1929, in the principal amount of \$7,000 in payment of outstanding indebtedness.

A public hearing in this matter was held before Examiner Williams in Los Angeles.

It appears that Imperial Utilities Corporation was organized on or about April 10, 1917, for the purpose, primarily, of acquiring and operating public utility water systems in Southern California. Here-tofore, among other systems, it has purchased, from Imperial Valley Farm Lands Association, those systems supplying the towns of Niland and Calipatria, in Imperial County, with water for domestic uses. (See Decision No. 4985, dated December 26, 1917, in Application No. 3106 appearing in volume 14, Opinions and Orders of the Railroad Commission of California at page 790).

At the time of the acquisition of these two systems by applicant it was reported that the source of supply of water consisted of five hundred shares of stock of Imperial Water Company No. 3 a mutual organization, which shares of stock entitled the owner to four acre feet of water per year per share. To purchase this source of supply, applicant entered into a contract with Imperial Valley Farm Lands Association, dated April 10, 1917, by the terms of which it agreed to purchase within five years after date of the contract, at \$15 a share, the five hundred shares mentioned and one hundred twenty-one shares additional, and to pay all assessments that might be levied on the holders of such stock during the five-year period. Pending final payment the shares of stock were deposited in escrow with the First National Bank of Los Angeles.

Applicant reports that it used, and had use for, up to June, 1923, the water supplied to the holders of the shares of stock of Imperial Water Company No. 3, and that it could not have secured water in any other manner. During 1923 the properties of the mutual company were sold to Imperial Irrigation District and applicant commenced purchasing the water it needed from the district. The irrigation district also undertook to purchase the shares of stock of the mutual company, Imperial Water Company No. 3, at \$7 a share, a price determined by a valuation of the physical properties. Accordingly, the six hundred twenty-one shares placed in escrow pursuant to the agreement of April 10, 1917, were released, upon approval of applicant, and sold to Imperial Irrigation District for \$7 a share, or \$4,347. In the opinion of A. L. Kent, applicant's secretary and treasurer, the shares of stock were no longer properties used and useful in the company's public utility operations.

The record shows that applicant has never paid any amounts on account of the purchase price of the shares of stock of the mutual com-

pany or of the assessments levied against such stock. It appears that applicant is indebted to Imperial Valley Farm Lands Association in the amount of \$13,510.76, which amount is determined as follows:

Purchase price of 621 shares of stock of Imperial Water Company No.	
3, at \$15.00 a share-----	\$9,315 00
Assessments—	
June 23, 1917-----	\$621 00
December 14, 1917-----	621 00
June 29, 1918-----	621 00
October 7, 1918-----	621 00
April 9, 1919-----	621 00
September 11, 1919-----	621 00
December 10, 1919-----	621 00
May 10, 1920-----	621 00
October 13, 1920-----	621 00
March 10, 1921-----	621 00
May 10, 1921-----	621 00
Total assessments-----	6,831 00
Total -----	\$16,146 00
Less— Sale of 621 shares of stock at \$7 a share-----	4,347 00
Total -----	\$11,799 00

In addition to this amount it appears that the sum of \$1,711.76 is due the association on account of interest, which amount, added to the \$11,799.00, results in a total of \$13,510.76. The present application shows that Imperial Valley Farm Lands Association has agreed to accept applicant's five-year six per cent note for \$7,000 in settlement in full of amounts due it. Upon delivery of the note the contract of April 10, 1917, is to be canceled.

This application has been filed to secure the Commission's consent to issue the note.

#### ORDER.

Imperial Utilities Corporation, having applied to the Railroad Commission for permission to issue a promissory note for \$7,000, a public hearing having been held and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue is reasonably required for the purpose specified herein and that the expenditures for such purpose are not in whole or in part reasonably chargeable to operating expenses or to income,

*It is hereby ordered,* that Imperial Utilities Corporation be and it is hereby authorized to issue to Imperial Valley Farm Lands Association its promissory note in the principal amount of \$7,000 due on or before five years after date of issue with interest at not exceeding 6 per cent per annum, for the purpose specified in the opinion which precedes this order.

The authority herein granted is subject to the following conditions:

1. Imperial Utilities Corporation shall keep such record of the issue and delivery of the note herein authorized as will enable it to file

on or before thirty days after such issue a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

2. The authority herein granted will become effective when Imperial Utilities Corporation has paid the minimum fee prescribed by section 57, of the Public Utilities Act, which fee is \$25.

Dated at San Francisco, California, this seventeenth day of January, 1925.

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DECISION No. 14468.

IN THE MATTER OF THE APPLICATION OF PETALUMA POWER AND WATER COMPANY, A CORPORATION, FOR PERMISSION TO ISSUE AND SELL ADDITIONAL PREFERRED STOCK.

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Application No. 10703.

Decided January 17, 1925.

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*R. M. Hill*, for Applicant.

BY THE COMMISSION.

**OPINION.**

Petaluma Power and Water Company asks permission to issue and sell at par \$11,000 of its 7 per cent cumulative preferred stock and use the proceeds to pay in part the cost of additions and betterments referred to hereafter.

By Decision No. 12503 dated August 18, 1923, in Application No. 9254 the Commission authorized applicant to issue and sell at par \$60,000 of 7 per cent cumulative preferred stock and use the proceeds to pay indebtedness in the sum of \$38,500 and to pay the cost of additions and betterments described in such application.

By Decision No. 13723 dated June 20, 1924, in Application No. 10095, the company was authorized to issue and sell at par \$15,000 of 7 per cent cumulative preferred stock and use not exceeding \$10,639.32 of the proceeds to pay for additions and betterments described in applicant's Exhibits "A" and "B" filed in Application No. 10095.

From the sale of stock authorized to be issued by Decision No. 12503 applicant reports a balance of \$3,007.89, and from the sale of stock authorized to be issued by Decision No. 13723, a balance of \$4,711.95 on hand. The total balance on hand amounts to \$7,719.84.

If the company is successful in selling the \$11,000 of 7 per cent cumulative preferred stock herein authorized to be issued it will realize \$11,000 which, added to the \$7,719.84 makes a total of \$18,719.84. This amount of money applicant asks permission to use for the following purposes:

To complete laying 1830 ft. of 6-inch cast iron pipe B & S Class B in Sixth street south of H street to Mountain View ave., Application No. 9254-----	\$1,450 00
To complete laying pipe in American alley, Application No. 9254-----	736 24
To lay pipe in Bassett street from Fair and Webster, Application No. 9254-----	1,629 60
To complete payment of wells at Kresky Nos. 1, 2, 3, 4 and 10,000 gallon tank-----	1,628 51
Well No. 9 Kresky, Application No. 10703-----	1,297 65
Catenacci pumping plant well No. 1 complete, Application No. 10703---	1,248 86
Catenacci pumping plant well No. 2 complete, Application No. 10703---	2,093 91
Booster pump, tank, etc, Application No. 10703-----	4,677 60
I street extension to Harris ranch, Application No. 10703-----	106 25
Mountain View pipe south of Purrington ave., Application No. 10703---	66 60
Purrington ave. pipe, Application No. 10703-----	158 00
I street extension from Sunny Slope to Grant ave., Application No. 10703	718 40
I street extension from Grant ave. to city limits, Application No. 10703	393 65
F street line east of Sunny Slope, Application No. 10703-----	1,021 18
Bachelor Terrace improvements, Application No. 10703-----	282 42
Grant ave. pipe from Mountain View ave. to I street extension, Application No. 10703-----	955 95
<b>Total</b> -----	<b>\$18,467 82</b>

It is of record that the company had to drill additional wells to obtain an adequate water supply and that its system was extended to take care of new consumers.

#### ORDER.

Petaluma Power and Water Company having asked permission to issue and sell at par \$11,000 of 7 per cent cumulative preferred stock and to expend the proceeds obtained from the sale of such stock and proceeds from the sale of 7 per cent cumulative preferred stock heretofore authorized to be issued, a public hearing having been held before Examiner Fankhauser and the Commission being of the opinion that the money, property or labor to be procured or paid for by the issue of stock herein authorized is reasonably required by applicant and that the expenditures herein authorized are not in whole or in part reasonably chargeable to operating expense or to income;

*It is hereby ordered*, that Petaluma Power and Water Company be and it is hereby authorized to issue and sell at par on or before August 1, 1925, \$11,000 par value of 7 per cent cumulative preferred stock and use the proceeds to pay in part the cost of the additions and betterments referred to in the preceding opinion.

*It is hereby further ordered*, that the Commission's order in Decision No. 12503, dated August 18, 1923, and the Commission's order in Decision No. 13723, dated June 20, 1924, be and they are hereby modified so as to permit the Petaluma Power and Water Company to use the balance on hand from the sale of the 7 per cent cumulative preferred stock authorized to be issued by such decisions, to pay in part the cost of the improvements referred to in the preceding opinion, such balance to be expended for such purposes on or before August 1, 1925.

*It is hereby further ordered*, that Petaluma Power and Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

*It is hereby further ordered*, that the Commission's order in Decision No. 12503, dated August 18, 1923, and the Commission's order in Decision No. 13723, dated June 20, 1924, shall remain in full force and effect except as modified by this order.

Dated at San Francisco, California, this seventeenth day of January, 1925.

#### DECISION No. 14469.

IN THE MATTER OF THE APPLICATION OF BELL WATER COMPANY FOR AN ORDER AUTHORIZING THE ADJUSTMENT AND ESTABLISHMENT OF PROPER BOOK ACCOUNTS; PERMISSION TO PURCHASE ADDITIONAL LAND; AUTHORITY TO MORTGAGE PROPERTY AND ISSUE NOTES; AUTHORITY TO ISSUE AND SELL STOCK; AND FOR AUTHORITY TO INCREASE WATER RATES.

Application No. 10503.

Decided January 17, 1925.

**RATES—WATER UTILITY—STOCK DIVIDENDS.**—When a utility applies to the Commission for permission to issue stock for the purpose of paying a dividend, it is incumbent upon such utility to show that it has had surplus profits from its business and that such surplus profits have been invested in its properties. Neither assessments on stock, nor advances by consumers, or reserve for accrued depreciation, nor donations, nor an increase in the asset accounts due to a revaluation of properties, results in surplus profits available for dividend purposes. Such items not being available for the purpose of declaring a dividend, they can not be used as a basis for the issue of stock to reimburse a utility's treasury, which stock in turn is to be used to pay a dividend.

*A. B. Shaub*, for Applicant.

*Frederick Lake*, for certain consumers, Protestants.

*F. E. Goodway* and *I. N. Vaughn*, *in propria persona*, and for certain consumers, Protestants.

BY THE COMMISSION.

#### FIRST SUPPLEMENTAL OPINION.

On December 22, 1924, the Railroad Commission by Decision No. 14390 in the above entitled matter authorized Bell Water Company to issue a \$12,000 note and use the proceeds, if necessary, for the following purposes:

To purchase land referred to in the application.....	\$4,700 00
To install one 50,000 gallon steel tank on a 60-foot tower.....	6,000 00
Pipes and fittings to connect same.....	1,300 00
Total .....	\$12,000 00

The Commission by Decision No. 14390 also authorized the company to execute a mortgage to secure the payment of the note. In the opinion in such decision it is stated that the tank will be located on the land which the company is authorized to purchase. Such statement is in error and the fact is that the tank will be located on the company's property fronting Baker avenue, this property, having an elevation higher than the property which the company is authorized to purchase through the issue of the \$12,000 note.

The Commission still has before it for consideration the adjustment and establishment of proper accounts of applicant, the request for permission to issue stock and the request for permission to increase water rates.

To support its request for the adjustment of its book accounts, applicant filed as its Exhibit No. 1 a report prepared by The Chester H. Loveland Engineers. This report, among other things, contains a balance sheet of the company as of December 31, 1923 before adjusting the accounts, and also a balance sheet as of January 1, 1924 after the accounts were adjusted, as indicated in the report. Material changes were made in several of the company's accounts. It is alleged that the records of the company do not show the cost of the properties; that neither the assessment levied nor the income invested appear on the books of the company and that from such books it is impossible to determine the original cost of the properties. The Chester H. Loveland Engineers made an estimate of the historical cost new of the properties, which cost as of January 1, 1924 is reported at \$112,145.60, as compared with the cost of \$53,148.28 appearing on the books of the company on December 31, 1923. The report does not show that the company actually expended \$112,145.60 to acquire the properties included in such report. No changes were made in the current asset accounts. The account "treasury securities" amounting to \$6,918.50 represents the par value of 276.74 shares of re-acquired stock through forfeiture; the owners having failed to pay assessments levied thereon.

In setting up the liability accounts the Loveland Engineers increased corporate surplus unappropriated from \$9,862.39 to \$41,975.08. The assessment on stock was increased from \$1,058.18 to \$20,458.12. The appreciated value of fixed capital was decreased from \$17,859.74 to \$13,444.10. The reserve for accrued depreciation was increased from \$14,157.20 to \$15,818.32, while donations in aid of construction was increased from \$185.46 to \$10,424.67. There is no evidence before the Commission to show that the company's surplus earnings have amounted to \$41,975.08. The Commission will not permit credits arising from a revaluation of applicant's assets to be transferred to "Corporate surplus unappropriated." The items from an adjustment of the books which have been credited or debited to "Corporate surplus

unappropriated" should be taken out of such account and transferred to a "suspense account". The balance credited to the account "Appreciation of fixed capital" should also be transferred to the suspense account. The fixed capital accounts now appearing on the books of the company must be adjusted so that they will reflect the valuation of the properties by the Commission's engineers, which figures are included in the rate base used in this decision.

Bell Water Company asks permission to issue and sell at not less than par \$25,000 of common stock and use the proceeds to acquire and install additional properties as follows:

1 concrete storage reservoir (250,000 gal.) at plant No. 1	\$6,000 00
1 Booster pump direct connected with 40 H.P. motor, automatic control and reverse connection for Holt gas engine	3,500 00
600' 10" No. 12 R. S. @ \$145	870 00
1300' 8" No. 12 R. S. @ \$1.19	1,547 00
1300' 4" No. 16 R. S. @ \$.50	650 00
Valves and fittings	500 00
Addition to pumphouse plant No. 1	800 00
Pumphouse for Booster pump	800 00
120 new services and meters	2,500 00
Distribution main enlargements	5,000 00
Refund of construction advances	4,000 00
Total	\$26,167 00

It is of record that the addition to pumphouse at plant number one has been completed.

Bell Water Company asks permission to issue additional stock, as a stock dividend to existing stockholders, in an amount sufficient to equalize and more truly reflect the value of the shares, as compared with any new stock sold at par. The company has now \$10,582.50 par value of stock outstanding. It has no funded debt. It reports as of October 31, 1924, \$500 of notes payable, \$1,097.51 of accounts payable, \$727.45 of accrued taxes, \$7,450.62 advanced by consumers and \$53.66 of fees payable for county permits.

When a utility applies to the Commission for permission to issue stock for the purpose of paying a dividend, it is incumbent upon such utility to show that it has had surplus profits from its business and that such surplus profits have been invested in its properties. In our opinion, neither assessments on stock, nor advances by consumers, nor reserve for accrued depreciation, nor donations, nor an increase in the asset accounts due to a revaluation of properties, results in surplus profits available for dividend purposes. Such items not being available for the purpose of declaring a dividend, they can not be used as a basis for the issue of stock to reimburse a utility's treasury, which stock in turn is to be used to pay a dividend.

The record shows that the accumulated surplus of applicant on December 31, 1923, was \$9,862.39 and that from January 1, 1924, to October 31, 1924 its surplus earnings amounted to \$5,693. Adding

the two amounts makes an accumulated surplus of \$15,555.39. The order herein will permit applicant to issue \$15,500 of stock to reimburse its treasury because of earnings expended for properties. After such reimbursement the \$15,500 of stock may be used to pay a dividend.

Bell Water Company also asks permission to increase water rates. The rate schedules now in effect were fixed by this Commission by Decision No. 8077 dated September 13, 1920, and are as follows:

Domestic meter rate—

500 cubic feet or less, per month .....	\$1 00
500 cubic feet to 2000 cubic feet, per 100 cubic feet .....	15
All in excess of 2000 cubic feet, per 100 cubic feet .....	10

Irrigation meter rate—

2500 cubic feet or less, for setting of meter .....	1 50
All in excess of 2500 cubic feet, per 100 cubic feet .....	06

Irrigation—Full flow of pump No. 2 (Approximate capacity 100 miner's inches) --

1 hour or less .....	2 00
All in excess of 1 hour, per hour .....	2 00

The Commission has upon two previous occasions reviewed applicant's rates. Reference is here made to Decision No. 3085, dated February 8, 1916, in Application No. 1983; and to Decision No. 8077, dated September 13, 1920, in Application No. 5731. In these two rate proceedings the water system of the Laguna-Bell tract was excluded from the inventory because the water company did not at that time own it. Title has since been acquired and the properties have been included in the appraisal submitted in this proceeding.

Reference has already been made to the report (Applicant's Exhibit No. 1) prepared by The Chester H. Loveland Engineers. This report will not be considered in connection with applicant's request to increase rates, for the reason that applicant did not call any representative of The Chester H. Loveland Engineers, to enable counsel for consumers to cross-examine such representative in regard to said report.

Howard McCurdy, an engineer, called in behalf of certain consumers, presented an appraisal of the mains, meters and services based upon the quantities shown in Applicant's Exhibit No. 1. This appraisal (Consumer's Exhibit No. 1) was prepared upon the reproduction cost basis and totaled \$63,347 for the items mentioned. Accrued depreciation on a straight line method was computed and found to be \$29,508 or a total reproduction cost, less depreciation, of \$33,839.

M. I. Reed, an assistant engineer of the Railroad Commission, presented a report and appraisal (Commission's Exhibit No. 1) of the physical properties of this company which totals \$96,627 as of January 1, 1924. Additions and betterments from January 1, 1924, to September 30, 1924, were found to be \$10,004. A depreciation annuity was computed by the 5 per cent sinking fund method and was found to be \$2,122 as of January 1, 1924, and \$2,355 as of September 30, 1924.



H. R. Robbins, an assistant engineer of the Railroad Commission, presented an appraisalment (Commission's Exhibit No. 2) of the lands of the Bell Water Company which amounted to \$17,120. He also testified that the sum of \$4,700 was a reasonable price to be paid for the contemplated purchase of the present company office building and the lot upon which it is located.

The appraisals of the Commission's engineers were based upon the estimated historical cost of the physical property and upon the present value of the lands and rights of way and totaled \$117,751 as of September 30, 1924. This does not include the \$4,700. The report of Mr. McCurdy, which was made upon the basis of reproduction cost, was incomplete in that it included only certain items of the distribution system installed prior to September 1, 1923. By reason of the variance in dates and inventories, a direct comparison between McCurdy's report and Reed's report can not be made.

From the record it appears that the company will forthwith undertake the expenditure of \$12,000 for the purchase of land, erection of a tank and connect same with its plant number one. Additional expenditures should be made during the year to replace pipes, to install meters and new services in order to enable applicant to give more efficient service. The amount of such expenditures is not definitely known. The major expenditures which applicant intends to incur for construction purposes will not be placed in service until the summer of 1925.

After a consideration of the evidence submitted the Commission finds that a rate base for 1925 of \$130,000 is reasonable.

Bell Water Company, in its annual reports filed with the Railroad Commission for the past four years, shows operating revenues and operating expenses exclusive of depreciation as follows:

	Item	1920	1921	1922	1923
Revenues	-----	\$8,012 49	\$11,232 65	\$13,802 31	\$17,505 46
Expenses	-----	5,823 63	6,234 67	8,165 27	10,330 34
Net	-----	\$2,188 86	\$4,997 98	\$5,637 04	\$6,575 12

The company's revenues in 1921 increased 42 per cent as compared with 1920; in 1922 they increased 23 per cent as compared with 1921; while in 1923 they increased 27 per cent over 1922. The average annual increase for the three years was 31 per cent. The company's revenues from September 1, 1923 to August 31, 1924 were \$20,153.66. Assuming a 20 per cent increase for 1925 over the year ending August 31, 1924, results in a total revenue of \$24,184.29.

The company's operating expenses, exclusive of depreciation, for the twelve month period ending August 31, 1924, totaled \$10,392.53. M. I. Reed estimates the operating expenses for the ensuing year at \$12,236. The depreciation annuity designed to replace the worn out

and obsolete property at the end of its useful life was estimated by him, as of September 30, 1924, at \$2,355.

The rates now in effect for the Bell Water Company were designed when the utility was serving water to a community partly given over to a service which required a great amount of water for irrigation. The irrigation use has greatly been supplanted by ordinary domestic service and the company is now serving the few remaining irrigation users with water at an economic loss. A study of the rates discloses the fact that water is served for irrigation purposes at a much lower price than to domestic and commercial consumers, even though in some instances the water is served from the same mains and under similar conditions. We are of the opinion that the present irrigation rates are a discrimination against the domestic and commercial consumers and that those users who demand this type of service should pay a more just and equitable rate.

The record shows that the company earned during the year ending August 31, 1924, under existing rates, more than 7 per cent on a reasonable rate base. The Commission finds, after a consideration of the evidence, that the applicant's present domestic rate schedule is just and reasonable, except as to the minimum charges. The Commission further finds that applicant's rates for irrigation service should be readjusted to approximate more reasonably the cost of water to domestic and commercial consumers. The rates fixed by the order should yield applicant a return of somewhat more than 7 per cent on a rate base of \$130,000.

Counsel for protestants developed the fact that certain rules and regulations of applicant were in need of modification. We are of the opinion that this company should submit revised rules and regulations governing the relations with its consumers.

Applicant asks in the petition to this Commission that the Commission pass on the reasonableness of a fire hydrant rental rate. This rate was agreed to by representatives of the company, the Bell Community Fire Protection District and the Board of Supervisors of the County of Los Angeles. We are of the opinion that the provisions of this contract at this time will not work a hardship upon the existing consumers of the Bell Water System and for this reason this Commission is of the opinion that the rates as contained in this contract shall be filed as herein ordered:

#### FIRST SUPPLEMENTAL ORDER.

Bell Water Company having asked permission to adjust its accounts, to issue stock and increase water rates, public hearings having been held before Examiner Fankhauser and the Commission having considered the evidence submitted at such hearings.

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It is hereby found as a fact that the accounts of Bell Water Company should be adjusted; that the money, property or labor to be procured or paid for through the issue of \$40,500 of stock is reasonably required by the company for the purposes herein stated, and that the rates now charged by Bell Water Company for water supplied to its consumers are unjust and unreasonable in so far as they differ from the rates herein established, and that the rates herein established are just and reasonable rates, and basing the order upon the foregoing finding of fact, and upon the statement of fact contained in the preceding opinion—

*It is hereby ordered, as follows:*

1. Bell Water Company shall within sixty days after the date hereof file with the Railroad Commission copies of all journal entries adjusting its accounts, in conformity with the opinion preceding this order.

2. Bell Water Company may issue at not less than par \$15,500 of its common stock to reimburse its treasury because of earnings expended for the acquisition of properties. After the reimbursement of the company's treasury through the issue of such stock, the stock may be distributed to applicant's stockholders as a stock dividend.

3. Bell Water Company may issue and sell for cash at not less than par on or before December 1, 1925, \$25,000 of common stock and use the proceeds, if necessary, to acquire and install the properties referred to in the preceding opinion. Any proceeds not necessary for said purposes may be expended only for such purposes as the Commission will authorize by supplemental order or orders.

4. Bell Water Company is hereby authorized and directed to file with the Railroad Commission on or before February 1, 1925, the following schedule of rates to be charged for all water delivered to consumers subsequent to January 1, 1925:

**Meter Rates for Domestic, Commercial and Irrigation Consumers.**

*Minimum Monthly Charges.*

$\frac{1}{2}$ inch meter.....	\$1 00
$\frac{3}{4}$ inch meter.....	1 50
1 inch meter.....	2 00
1 $\frac{1}{4}$ inch meter.....	4 00
2 inch meter.....	6 00
3 inch meter.....	12 00
4 inch meter.....	18 00
6 inch meter.....	35 00

Each of the foregoing monthly minimum charges will entitle the consumer to the quantity of water that the minimum monthly charge will produce at the following "monthly meter rates":

*Monthly Meter Rates.*

From 0 to 500 cubic feet per 100 cubic feet.....	\$0 20
From 500 to 2000 cubic feet, per 100 cubic feet.....	15
2000 cubic feet and above per 100 cubic feet.....	10

*Flat Rate Irrigation Use Per Hour.*

Full flow of pump No. 2, 1 hour or less .....	\$3 50
All in excess of 1 hour, per hour or fraction thereof .....	3 50

*Fire Hydrant Rentals.*

For hydrant per month .....	\$1 50
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5. Bell Water Company shall within thirty days after the date of this order file with the Railroad Commission rates, rules and regulations governing service to its consumers, said rules and regulations to become effective upon their acceptance for filing by the Railroad Commission.

6. Bell Water Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

7. The effective date of this order shall be twenty days from and after the date hereof.

Dated at San Francisco, California, this seventeenth day of January, 1925.

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DECISION 14470.

IN THE MATTER OF THE APPLICATION OF WESTERN STATES GAS AND ELECTRIC COMPANY FOR AN ORDER AUTHORIZING THE ISSUE AND SALE OF ITS PREFERRED STOCK OF THE PAR VALUE OF ONE MILLION SIX HUNDRED TWO THOUSAND DOLLARS.

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Application No. 10708.

Decided January 17, 1925.

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*Chickering and Gregory,* for Applicant.

BY THE COMMISSION.

**OPINION.**

Western States Gas and Electric Company asks permission to issue and sell at par \$1,602,060 par value of its 7 per cent cumulative preferred stock and use in connection with the sale of such stock not exceeding 6 per cent of the selling price for payment of commissions and other stock selling expense. The remainder of the proceeds the company asks permission to use to refund sinking fund payments and finance the cost of additions and betterments to its plant and properties.

On December 1, 1924, applicant, according to the testimony, paid to the trustee under its first and refunding (now first) mortgage for sinking fund purposes \$134,951.25. It is of record that \$137,500 of the company's 5 per cent bonds were redeemed following the deposit and use of the \$134,951.25. The Commission has heretofore by several

decisions authorized applicant to issue such an amount of 7 per cent cumulative preferred stock on which the dividend equals the interest on the bonds redeemed through sinking fund payments. The annual interest on the \$137,500 of 5 per cent bonds amounts to \$6,875. This sum is sufficient to pay annual dividends on \$98,214 of 7 per cent cumulative preferred stock. The order herein will authorize the company to use the net proceeds from the sale of \$98,200 par value of stock to refund in part the sinking fund payment made on December 1, 1924.

Reference was made at the hearing to sinking fund payments that will be due on June 1 and on December 1, 1925. The payment on each date amounts to \$134,951.25. Applicant asks permission to refund in part such sinking fund payment through the issue of stock. This permission will not be granted at this time for the reason that it is not known what amount of bonds will be redeemed through such payments; and furthermore, for the reason that the condition of the company may change between now and June 1st to such an extent that the refunding of the sinking fund payments would not be warranted. If applicant later desires to refund the sinking fund payments to which reference has been made it may file a supplemental application in this proceeding.

Applicant in its Exhibit No. 6 reports uncapitalized construction expenditures as of November 30, 1924, of \$285,058.02. By Decision No. 13384 dated April 7, 1924, in Application No. 9864 the Commission authorized applicant to issue and sell at par \$750,000 of 7 per cent cumulative preferred stock. The testimony in this proceeding shows that all of the stock has been sold. In its decision the Commission allowed the company to expend an amount not exceeding 6 per cent of the selling price of stock to pay expenses incurred in connection with the sale of the stock. It further authorized the company to expend net proceeds from the sale of \$64,000 of stock to refund sinking fund payments and to expend the balance of the net proceeds amounting to approximately \$644,370 to finance 1923 construction expenses. In arriving at its uncapitalized expenditures of \$285,058.02 on November 30, 1924, applicant deducted only \$425,000 of the net proceeds from the sale of stock authorized by Decision No. 13384. When this fact was called to the attention of applicant's representatives at the hearing they modified Exhibit No. 6 and made a further deduction of \$219,370 from the \$285,058.02, leaving a balance of uncapitalized expenditures of \$65,688.02. The company's construction expenditures for December have been estimated at approximately \$75,000 which, added to the \$65,688.02, makes a total of \$140,688.02.

In its Exhibit No. 5 applicant reports its estimated net new construction expenditure for 1925 at \$2,037,691.93 segregated as follows:

Budget Item Number	Stockton Division	Richmond Division	Eureka Division	Total
Electric steam plants-----	\$2,500 00		\$16,867 14	\$19,367 14
Electric hydro plants-----	68,688 00			68,688 00
Electric trans. system-----	106,817 89		48,783 81	155,601 70
Electric substations-----	349,399 36	\$50,081 00	14,201 70	413,682 06
Electric distr. system-----	460,904 88	97,557 60	48,700 00	607,161 88
Street lighting system-----	136,775 46	14,380 00	2,500 00	153,655 45
Gas plant—oil gas-----	185,947 08		5,210 00	191,157 08
Gas plant—natural gas-----	2,324 88			2,324 88
Gas transmission system-----	35,339 52			35,339 52
Gas distribution system-----	269,766 87		14,668 07	314,434 94
Transportation equip-----	9,050 00	1,767 00	2,500 00	16,317 00
Office & misc. bldgs-----	17,842 00	18,150 00	1,500 00	37,492 00
Office equipment-----	3,500 00	1,000 00	1,398 52	5,898 52
Miscellaneous-----	2,500 00	4,500 00	9,571 75	16,571 75
Totals-----	\$1,651,355 94	\$190,435 00	\$195,900 99	\$2,037,691 93

The total of both actual and estimated construction expenditures, against which this Commission has not authorized the issue of any stock, amounts to \$2,178,379.95. If all the stock herein authorized is sold under the terms and conditions of the order herein, applicant will have available for construction purposes \$1,413,572. Deducting this amount from the \$2,178,379.95 leaves a balance of \$764,807.95 to be financed through subsequent issue of securities. The suggestion has been made that this balance may be financed through the issue of bonds. We do not concur in such suggestion and are of the opinion that substantially all of the \$764,807.95 should be obtained through the issue of common stock or in such other manner as will result in the preferred stockholders having precedence both as to dividends and capital.

#### ORDER.

Western States Gas and Electric Company, having applied to the Railroad Commission for permission to issue \$1,602,000 of its 7 per cent cumulative preferred stock, a public hearing having been held before Examiner Fankhauser and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through the issue of such stock is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Western States Gas and Electric Company be and it is hereby authorized to issue and sell at not less than par for cash \$1,602,000 of its 7 per cent cumulative preferred stock.

The authority herein granted is subject to the following conditions:

1. Of the proceeds realized from the sale of the stock herein authorized to be issued and sold, applicant may use, if necessary, an amount not exceeding 6 per cent of the par value of the stock sold to pay commissions and other expenses incident to the sale of the stock. The net proceeds from the sale of \$98,214 of the stock may be used to refund in part the sinking fund payment of December 1, 1924, referred to in this

application. The remainder of the proceeds and such portion of the 6 per cent not needed for commissions and selling expenses shall be used to finance in part the cost of the extensions, additions and betterments described in Exhibit No. 5 filed in Application No. 9864 and in Exhibit No. 5 filed in this application (No. 10708), or for such other purposes as the Commission may authorize in a supplemental order or orders.

2. Only such expenditures referred to in said exhibits as are properly chargeable to capital account, as defined by the uniform classification of accounts prescribed or adopted by the Railroad Commission may be financed with the proceeds from the sale of the stock authorized to be issued.

3. Western States Gas and Electric Company shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

4. The authority herein granted will become effective upon the date hereof. No stock may be issued, sold or delivered subsequent to January 15, 1926.

Dated at San Francisco, California, this seventeenth day of January, 1925.

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DECISION No. 14476.

IN THE MATTER OF THE APPLICATION OF AUTO TRANSIT COMPANY, A CORPORATION, TO OPERATE PASSENGER AND EXPRESS SERVICE BETWEEN SANTA CRUZ AND CITY AND COUNTY OF SAN FRANCISCO, CALIFORNIA.

Application No. 9725.

IN THE MATTER OF THE APPLICATION OF COASTSIDE TRANSPORTATION COMPANY TO OPERATE AUTO STAGE TRUCK SERVICE BETWEEN SAN FRANCISCO AND HALF MOON BAY, CALIFORNIA.

Application No. 9785.

IN THE MATTER OF THE APPLICATION OF WILLIAM AZEVEDO TO OPERATE AUTO STAGE LINE BETWEEN HALF MOON BAY AND SAN FRANCISCO, CALIFORNIA.

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Application No. 9805.

Decided January 27, 1925.

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TRANSPORTATION-- AUTO STAGES-- ILLEGAL OPERATION.—The Commission reiterates that steps will be taken to prevent operations without the sanction of the Commission.

SCENIC ROUTES.—The Commission is not disposed to congest new scenic highways with stage or truck lines unless the public necessity is shown clearly and affirmatively.

*Jerome Politzer*, for Applicant in Application No. 9725.

*Harry A. Encell and James A. Miller*, for Coastside Transportation Company, Protestant in Application No. 9725.

*Edward Stern*, for American Railway Express Company, Protestant in Application No. 9725.

*E. Shillingsburg*, for Southern Pacific Company, Protestant in Application No. 9725.

*Douglas Brookman*, for South Port Company, Protestant in Application No. 9725.

*Harry A. Encell and James A. Miller*, for Applicant in Application No. 9785.

*J. E. McCurdy*, for William Azevedo, Protestant in Application No. 9785.

*Jerome Politzer*, for Auto Transit Company, Protestant in Application No. 9785.

*J. E. McCurdy*, for Applicant in Application No. 9805.

*Harry A. Encell and James A. Miller*, for Coastside Transportation Company, Protestant in Application No. 9805.

*E. Shillingsburg*, for Southern Pacific Company, Protestant in Application No. 9805.

BY THE COMMISSION.

#### OPINION.

Auto Transit Company, a corporation, has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by it of an auto stage line as a common carrier of passengers between San Francisco and Santa Cruz over the "Skyline boulevard" and of express matter between San Francisco and Santa Cruz over the "Skyline boulevard" and also over the "Peninsula highway," and the "Los Gatos to Santa Cruz highway," provided, however, that the proposed passenger and express operation by way of said "Skyline boulevard" shall serve all intermediate points, and that the proposed express operation by way of the "Peninsula highway" and "Los Gatos to Santa Cruz highway" shall serve all points only between Cupertino and Santa Cruz.

Applicant proposes to charge rates and to operate on a time schedule, in accordance with amended Exhibit "A" and Exhibit "B" and to use the equipment described in Exhibit "C."

Auto Transit Company now operates an authorized passenger service between San Francisco and Santa Cruz over the "Peninsula highway" and the "Los Gatos to Santa Cruz highway." Applicant also has been given permission to carry newspapers only between San Francisco and Santa Cruz and we are of the opinion that public convenience and necessity require that this privilege should be continued and the order herein will so provide.

William Azevedo has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by him of an auto stage line as a common carrier of passengers and express between Half Moon Bay and San Francisco via San Mateo, provided, that no passengers or express matter shall be carried locally between San Mateo and San Francisco and intermediate points.

This applicant now operates a passenger service under authority of this Commission between Half Moon Bay and San Mateo.

Applicant proposes to charge rates and to operate upon a time schedule in accordance with Exhibits "A" and "B" attached to



said application and to use the equipment described in paragraph six of said application.

Coastside Transportation Company, a corporation, has petitioned the Railroad Commission for an order declaring that public convenience and necessity require the operation by it of an automobile stage line as a common carrier of passengers, freight and express between San Francisco, Half Moon Bay and intermediate points via the Coast route, "Skyline boulevard" and the "San Mateo Mountain highway," in conjunction with and as a part of its existing operative rights between San Francisco and Pescadero.

This applicant now operates an authorized passenger, freight and express service between San Francisco and Pescadero and intermediate points by way of "Pedro Mountain highway," and also a freight and express service between San Mateo and Half Moon Bay in conjunction with its service between San Francisco and Pescadero.

Applicant proposes to charge rates and to operate on time schedules in accordance with Exhibits "B," "C," "D," "E," and "F" and to use the equipment now used in its present service.

Public hearings were held at San Francisco and Santa Cruz on the foregoing applications, which were consolidated for the purpose of receiving evidence and for decision; the matters were submitted and are now ready for decision.

The Coastside Transportation Company protested the granting of applications Nos. 9725 and 9805. The Southern Pacific and the American Railway Express Company protested the granting of applications Nos. 9725 and 9805; William Azevedo protested the granting of Application No. 9785; and Auto Transit Company protested the granting of Application No. 9785.

The evidence of Auto Transit Company shows that the "Skyline boulevard" is completed only to Crystal Springs Lake, distant twenty-one miles from San Francisco, and that its proposed service over this boulevard to Santa Cruz can not be operated for several years or until the completion of the highway, but in the meantime applicant desires to operate a temporary schedule under its proposed service to the end of the constructed highway at Crystal Springs. It was shown that the only patrons of this temporary service over the unfinished highway would be members of two golf clubs adjacent to the boulevard and probably a few tourists who from time to time might patronize the service as a scenic trip. This "Skyline" route when completed will traverse a farming district in the mountain territory westerly from Los Gatos, Alma and Saratoga, and it was shown that several farmers in this section would avail themselves of this service.

This applicant called, in support of its express service, several witnesses, both at San Francisco and Santa Cruz, who are engaged in the

business of selling, respectively, optical goods, printing materials, automobile parts, tires, newspapers and similar merchandise. These merchants endorsed the proposed express service primarily upon the basis that various emergency shipments, consisting of small parts or packages, weighing generally from 5 to 25 pounds, could be transported more expeditiously than over the protesting rail lines.

The American Railway Express Company, protestant, offered in evidence several exhibits showing its train service between San Francisco and Santa Cruz via the Coast line and via Oakland pier, and also its charges on commodities between points served as compared with proposed charges of Auto Transit Company.

A study of these exhibits shows that there are daily five southbound trains and seven northbound trains between San Francisco and Santa Cruz upon which express shipments can and are being carried; and the record shows that on arrival of all express shipments at the rail terminals prompt delivery is made to consignees, who also have the privilege within approximately one-half hour before train departure or train arrival of shipping and receiving express matter at this protestant's depots, which are open twenty-four hours each day at the terminals.

Southern Pacific Company also offered in evidence its rate and time schedules and called several witnesses who testified to the adequacy of the service of this rail carrier. Santa Cruz Chamber of Commerce offered in evidence its resolution opposing the application of the Auto Transit Company on the grounds that the Southern Pacific Company is rendering a very satisfactory service to the city of Santa Cruz and that no need exists for any additional service by any stage line.

William Azevedo testified in his own behalf and called about fifteen witnesses in support of his application.

Half Moon Bay has a population of about 1500 people with no immediate prospects of any material growth. The residents of and visitors to this community have had available for some years past the stage services of both this applicant and the Coastside Transportation Company in traveling to and from San Francisco.

Witnesses residing at Half Moon Bay testified for applicant to the effect that they have patronized both stage lines from time to time and while most of them admitted that the service of the Coastside Transportation Company has been in the main satisfactory they had patronized more frequently the local stage service of William Azevedo to San Mateo and there transferred to the bus lines to San Francisco and returned by the same means. These patrons of this applicant desire his proposed through passenger service, primarily on the basis of the inconvenience of the transfer at San Mateo and the inability to always secure seats in the San Francisco busses.

With reference to the proposed express service, the record shows that applicant has been carrying parcels and considerable express matter from and to San Mateo for some time for various merchants and others at Half Moon Bay. This express matter has consisted of bread, confectionery, meats, groceries, perishables, auto parts, and accessories, and general merchandise packages, weighing on an average under 100 pounds. The proposed through express service from San Francisco is now desired by these merchants on the basis that it would in many instances be more expeditious, and that emergency shipments could be handled more satisfactorily. The freight service of the Coastside Transportation Company was admitted to be satisfactory by many witnesses of applicant, but some testified to occasional delays in the handling of express matter from San Francisco by this protesting stage line.

Coastside Transportation Company, protestant, offered in evidence a large number of exhibits, as well as oral testimony, showing the character and quality of its entire service.

A study of this protestant's exhibits shows that the total value of its assets as of January 31, 1924, was \$145,896.65, representing among other properties:

Automobile passenger cars, valued at.....	\$26,662 71
Automobile freight trucks, valued at.....	42,045 43
Shop equipment and tools, valued at.....	6,740 07
Buildings, valued at.....	25,000 00
Land, valued at.....	7,040 00

Among its liabilities as of January 31, 1924, were:

Accounts payable.....	\$19,810 04
Notes payable.....	6,350 20
Mortgage.....	9,000 00
Unpaid salaries.....	4,201 20

The value on April 16, 1923, of its passenger equipment was \$14,434 and within ten months thereafter it had increased the value of this equipment, as indicated above, to \$26,662.71.

The trucking equipment of this protestant within the same period was increased from \$12,228.71 to \$42,045.43.

The total number of through passengers carried to and from Half Moon Bay for this period of about ten months was slightly over 3500, and the evidence shows that the stage equipment of this carrier has a capacity to carry a far greater number, and in fact it appears that there were many vacant seats available on most inbound and outbound stages to and from San Francisco.

The freight and express traffic handled by this protesting carrier consists largely of farm products of various kinds northbound to San Francisco and San Mateo, and we are not unmindful of the fact, as disclosed by the record, that the volume of this particular freight has

been materially reduced by certain carriers who are not under the regulation of this Commission by virtue of amendments to the Auto Stage and Truck Transportation Act, passed by the legislature at its session of 1923. It was shown by this protestant that its trucking and express equipment is more than ample to handle all business offered all along its route and over its entire system.

Edward Serretto, president of the Coastside Transportation Company, testified to the effect that this protestant renders an adequate and satisfactory service in every respect and is able and willing to furnish all necessary equipment and maintain the time schedules suitable to its patrons and the general public. The record shows that this carrier has always from its earliest operations made large investments and incurred heavy obligations for the purchase of high-class and proper equipment and other properties useful in its service, amounting in the aggregate to \$145,896.65 as of January 31, 1924.

This Commission has noted that the record discloses that each of said applicants, Auto Transit Company and William Azevedo, have been carrying, without any authority from this Commission, for some time past, express matter for compensation over their respective routes and have actually continued to carry express matter for compensation during the course of these proceedings and persisted in so doing after a request from this Commission to cease such operations. The Commission views with much disfavor such unlawful operations and practices and if such wilful violation of the law is continued proper steps will be taken to stop it.

Coastside Transportation Company, in support of its application to operate a passenger and freight service via the "Skyline boulevard," introduced some evidence to the effect that that portion of its present route over the Pedro Mountain highway is dangerous by reason of the fact that there are several sharp or "hairpin" turns as well as some narrow places where only two automobiles can barely pass each other. The record shows that this mountain route, however, has been traveled for many years by this applicant, as well as by previous stage lines, that thousands of passengers have been transported without serious accident, with one exception, and nothing appears in the record to indicate that the alleged dangerous character of this highway was responsible for the one serious accident. It appears that the "Skyline boulevard" is being built primarily as a scenic highway and this Commission is not disposed to congest a new scenic highway with any stage or truck lines unless the public necessity is clearly and affirmatively shown for such a service over this character of highway.

This Commission has repeatedly held on applications for certificates of public convenience and necessity, particularly where an additional or extended service is proposed which will virtually parallel existing

carriers, that a clear, conclusive and affirmative showing must be made that the existing transportation facilities are inadequate or unsatisfactory. Auto Transit Company and William Azevedo have failed to make such required showing during the course of these proceedings.

After a careful consideration of all the evidence in these proceedings, we are of the opinion and hereby find as a fact, that neither the Auto Transit Company, a corporation, nor William Azevedo has offered sufficient or substantial evidence to show that the public convenience and necessity require the proposed passenger and express service alleged and sought in their respective applications, and each of said applications should be denied.

After a careful consideration of all the evidence, we are of the opinion and hereby find as a fact that Coastside Transportation Company, a corporation, has offered no evidence to justify the granting of its proposed passenger and freight service over the "Skyline boulevard" and said application should also be denied.

#### ORDER.

Public hearings having been held in the above entitled applications, which were consolidated for the purpose of receiving evidence, and said matters having been submitted and being now ready for decision:

*It is hereby ordered*, that the application of William Azevedo be and the same is hereby denied.

*It is hereby further ordered*, that the application of Coastside Transportation Company be and the same is hereby denied.

*It is hereby further ordered*, that the application of Auto Transit Company, a corporation, be and the same is hereby denied.

The Railroad Commission hereby declares that public convenience and necessity require the transportation of newspapers by said Auto Transit Company, a corporation, between San Francisco and Santa Cruz and between Cupertino and intermediate points to Santa Cruz. No authority is hereby granted for the transportation of newspapers locally between San Francisco and Cupertino or intermediate points.

*It is hereby ordered*, that applicant Auto Transit Company, a corporation, be and it is hereby authorized to transport newspapers between San Francisco and Santa Cruz and between Cupertino and intermediate points to Santa Cruz, provided, however, no authority is hereby granted for the transportation of newspapers locally between San Francisco and Cupertino or intermediate points. This privilege is granted, not as a new and separate certificate right, but as a part of and in addition to its present authorized passenger operative rights between San Francisco and Santa Cruz and subject to the following conditions:

1. Applicant shall file his written acceptance of the certificate herein granted within a period of not to exceed ten (10) days from date hereof; shall file, in duplicate, tariff of rates and time schedules identical with those filed as Exhibits "A" and "B" attached to the application herein within a period of not to exceed twenty (20) days from date hereof; and shall commence operation of the service herein authorized within a period of not to exceed thirty (30) days from date hereof.

2. The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission to such discontinuance, sale, lease, transfer or assignment has first been secured.

3. No vehicle may be operated by applicant herein unless such vehicle is owned by said applicant or is leased by him under a contract or agreement on a basis satisfactory to the Railroad Commission.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14479.

IN THE MATTER OF THE APPLICATION OF THE SOUTHERN PACIFIC COMPANY FOR AUTHORITY TO CHANGE TARIFF RESTRICTING THE RATES APPLYING TO FLOUR, CEREALS AND CEREAL PRODUCTS, OF FIVE AND ONE-HALF CENTS PER ONE HUNDRED POUNDS BETWEEN OAKLAND AND MOUNTAIN VIEW, AND TEN AND ONE-HALF CENTS PER ONE HUNDRED POUNDS BETWEEN SOUTH VALEJO AND MOUNTAIN VIEW, TO THE ROUTE VIA DUMBARTON ONLY.

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Application No. 10506.

Decided January 27, 1925.

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*Henley C. Booth* and *H. W. Klein*, for Applicant.

*Edw. I. Barry* and *C. S. Connolly*, for Albers Bros. Milling Company, Protestant.

*Frank H. Chandler*, for Sperry Flour Company.

*R. P. McCarthy*, for Globe Grain and Milling Company.

BY THE COMMISSION.

**OPINION.**

This application was filed informally by the Southern Pacific Company February 21, 1924, under section 63 of the Public Utilities Act, and seeks authority to restrict rates applying to flour, cereals and cereal products, in carloads, between Oakland and Mountain View of 5½ cents per 100 pounds and between South Vallejo and Mountain View of 10½ cents per 100 pounds, via Dumbarton only.

The application was considered informally, but the investigation developed opposition from prominent milling companies and therefore the matter was set for formal hearing, as per applicant's request August 11, 1924.

A public hearing was held before Examiner Geary at San Francisco October 16, 1924, and the matter having been duly submitted is now ready for an opinion and order.

Rates will be stated in cents per 100 pounds.

The rates directly in controversy are those published as applying to flour, cereals and cereal products, page 73 of Southern Pacific Company's Local, Joint and Proportional Freight Tariff No. 659-C, Cal. R. C. No. 2500, and are governed by Rule No. 38, carried on page 41, which reads, in part:

Unless otherwise specifically provided herein, rates apply via routes provided in G. F. D. Circular No. 190-E (L. C. C. No. 4321, C. R. C. No. 2711), or reissues thereof.

The rates also apply to grain and commodities taking the grain rates, as per Rule 10, carried on page 33 of Southern Pacific Company's Local, Joint and Proportional Freight Tariff No. 793-B, C. R. C. No. 2487. This rule reads:

Unless otherwise specifically provided, all rates in tariff carloads or less than carload must not exceed rates for flour from and to same points.

Therefore, we have for consideration in this proceeding both flour and grain rates between the points in controversy. No protest was made as to the proposed adjustment between South Vallejo and Mountain View, and no evidence was submitted in opposition to the adjustment between these points; this, no doubt, due to the fact that the rates from South Vallejo do not break down the rates at San Jose or other points and, therefore, the change is merely technical without bringing about increased charges. The matter will be considered entirely with reference to the rates between Oakland and Mountain View.

The volume of the rates covering flour, cereals and cereal products (Tariff No. 659-C) and those covering grain (Tariff No. 743-B), are the same from Oakland to Mountain View, but the grain rates are protected by a symbol reading "Rates apply via Redwood City, California, only" and if this same symbol and foot note had been published in connection with the flour rates, the present controversy would not exist.

Applicant's Exhibit No. 3 presents a chronological history of the rates from San Francisco and Oakland to Mountain View and San Jose. This exhibit shows that on August 3, 1910, the rate on flour from San Francisco to Mountain View was 4 cents and from Oakland to Mountain View 6½ cents.

On September 12, 1910, the Dumbarton bridge was opened to traffic, making available a route from Oakland to Mountain View via Dumbarton and Redwood City. Prior to the construction of the Dumbarton bridge the only available route between Oakland and Mountain View was via Niles and San Jose, or via Newark and Santa Clara. The

distance between Oakland and Mountain View, via Newark and Santa Clara, is 47 miles; via Niles and San Jose 52 miles, and via Dumbarton and Redwood City 42 miles; the distance from San Francisco to Mountain View is 36 miles.

On July 15, 1913, the flour rate from Oakland to Mountain View was reduced from  $6\frac{1}{2}$  cents to 4 cents; at the same time the rate on flour from San Francisco and from Oakland to San Jose was 5 cents. Carrier's witness testified that prior to July 15, 1913, the rates between Oakland and Mountain View were higher than between San Francisco and Mountain View, and the reductions were made in both the grain and flour rates in order to place the mills at these two important producing points on a parity. The routing governing the rates between Oakland and Mountain View at the time the reductions were first made was via Dumbarton, as per Southern Pacific Circular 199-B, C. R. C. 476. This routing restriction prevailed until August 1, 1917, when G. F. D. Circular 199-D, C. R. C. 2123, was changed to provide that the rates between Oakland and Mountain View would apply via Dumbarton, Santa Clara, Alviso or San Jose. This latter application prevails today in Circular 199-E, C. R. C. No. 2711. Item No. 250 of the same circular specifies routes via which rates apply between Oakland on the one hand and Redwood City-Lawrence and points between on the other, and restricts the rate applications via Dumbarton. The record does not disclose why, in Item 600, Mountain View should be favored with the application of rates via Dumbarton, Santa Clara, Alviso and San Jose, particularly in view of the fact that Mountain View is located between Redwood City and Lawrence.

In order to reach a conclusion it will be necessary to determine first the legal rates now applicable under the tariffs lawfully on file with the Commission and then to determine whether the resulting increases made by the proposed adjustment have been justified, as provided in section 63 of the Public Utilities Act.

As heretofore stated, the present grain rate of  $5\frac{1}{2}$  cents between Oakland and Mountain View is restricted to apply via Dumbarton, but the flour rate of  $5\frac{1}{2}$  cents between the same points is not so restricted and, therefore, under the provisions of Item 600 of Circular No. 199-E, is applicable at all points between Oakland and Mountain View either via Dumbarton, Santa Clara, Alviso or San Jose, thus cutting the point to point flour rate of  $7\frac{1}{2}$  cents between San Jose and Oakland to  $5\frac{1}{2}$  cents, which rate under the tariff rule could not be exceeded on grain between San Jose and Oakland because of the maximum clause, Rule 10, carried in Southern Pacific Tariff 793-C, previously referred to.

It is applicant's contention that the Oakland to San Jose flour rate is  $7\frac{1}{2}$  cents and that the  $5\frac{1}{2}$ -cent flour rate, Oakland to Mountain View, will not apply via Niles and San Jose or via Alviso and Santa Clara,



for the reason that Circular 199-E provides "Routes via which rates between points on the line of the Southern Pacific Company (Pacific System) apply when not otherwise specifically provided in individual tariffs making reference hereto." We are unable to subscribe to this interpretation, and it is our opinion this caption in the tariff is directed only to the routes via which the rates apply. The  $5\frac{1}{2}$ -cent flour rate is not restricted to apply via any particular route other than the routes authorized in Circular 199-E, as per Southern Pacific Tariff 659-C.

Prior to October 22, 1923, Rule 5 of Tariff 659-C, covering application of rates, read:

Except as otherwise specifically provided in connection with individual rates, the rates named in this tariff will, in the absence of specific commodity rates, apply from or to directly intermediate points.

There being a specific rate of  $7\frac{1}{2}$  cents Oakland to San Jose, the Oakland to Mountain View rate of  $5\frac{1}{2}$  cents could not be applied under the tariff publication.

Effective October 22, 1923, the rule was changed to read:

The rates named in this tariff will apply as maximum from or to intermediate points unless otherwise specifically provided.

This changed rule, it will be noted, provides that rates will apply as maximum from or to intermediate points unless otherwise specifically provided. It therefore follows that the  $5\frac{1}{2}$ -cent rate not being restricted became, on October 22, 1923, the legally applicable rate on grain and flour from Oakland to Mountain View via either Dumbarton, Santa Clara, Alviso or San Jose, and could not be exceeded at any intermediate station.

It would appear from this record that the flour tariff was improperly published, through an oversight or clerical error, and should have carried the same rate restriction as the grain tariff; this mistake, however, does not void the rates, for the intention of the tariff framers is not controlling and the tariff must be construed in strict conformity with the language employed. The Southern Pacific Company should refund any charges collected on carloads of flour and articles taking flour rates moved October 22, 1923, and subsequent thereto in excess of  $5\frac{1}{2}$  cents at stations between Oakland and Mountain View via any of the routes set forth in Item 600 of Circular 199-E.

Albers Bros. Milling Company appeared as protestant to the proposed adjustment. This company has mills at Oakland and operates a branch house at San Jose, shipping its products from Oakland to San Jose for distribution. The testimony indicates that flour is not moved in carload lots between Oakland and Mountain View. Protestants contended that the rate of  $5\frac{1}{2}$  cents to Mountain View would be reasonable to apply to flour and grain between Oakland and San Jose.

and submitted exhibits setting forth rates on these commodities between various points. The majority of the points selected are situate in territory where the rates reflect depressing water competition and, therefore, such competitive rates voluntarily put into effect by the carriers are not a measure of the reasonable rates this Commission may order into effect.

In *Golden Gate Brick Company vs. Western Pacific Railway Company* (2 C. R. C. 607-609), we said:

I am not at all in sympathy with the practice of carriers in putting tortured construction upon a tariff provision so that the same may yield them more revenue, and I certainly am no more in sympathy with the same practice when indulged in by shippers with a view to securing less rates. Tariffs should be clear and unambiguous, and when there is an ambiguity by reason of which a shipper has suffered, the carrier being responsible for the ambiguity should certainly be required to sustain the loss.

We find that applicants have justified the increased rates resulting from the proposed routing restriction, which only restores the rates in effect before tariff error occurred.

The application will be authorized.

#### ORDER.

This application having been duly heard and submitted by the parties, full investigation of the matters and things involved having been had, basing its order on the findings of fact and the conclusions contained in the opinion, which opinion is hereby referred to and made a part hereof, and it appearing applicant has justified the proposed increases, and that the application should be granted;

*It is hereby ordered,* that the Southern Pacific Company be and it is hereby authorized to restrict, to apply via Dumbarton only, the rate of 5½ cents between Oakland and Mountain View, and the rate of 10½ cents between South Vallejo and Mountain View, applying to flour, cereals and cereal products, as shown in Southern Pacific Company Tariff No. 659-C, C. R. C. 2500, at page 73.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

## DECISION No. 14481.

PICKWICK STAGES, NORTHERN DIVISION, A CORPORATION.

vs.

W. W. WILCOX ET AL (WHEELER'S HOT SPRINGS STAGE LINE).

Case No. 2015.

IN THE MATTER OF THE APPLICATION OF WHEELER'S HOT SPRINGS  
STAGE LINE, FOR A CERTIFICATE OF PUBLIC CONVENIENCE  
AND NECESSITY.

Application No. 10585.

Decided January 27, 1925.

*Warren E. Libby*, for Complainant in Case No. 2015, and Protestant Pickwick  
Stages, Northern Division, in Application No. 10585.

*O'Melveny, Millikin, Tuller and Macneil*, by *W. W. Clary*, for Defendant in Case  
No. 2015, and for Applicant in Application No. 10585.

*Earl E. Moss*, for Ventura-Ojai Stage Line, Protestant in Application No. 10585.

*T. A. Woods*, for American Railway Express Company, Protestant in Application  
No. 10585.

*I. Blalock*, for Southern Pacific Company, Protestant in Application No. 10585.

BY THE COMMISSION.

## OPINION.

The two proceedings entitled as above were, by stipulation, consolidated for hearing and decision. Public hearings were held before Examiner Williams at Ventura on November 13 and 15, 1924, at which time the matters were submitted on briefs. Briefs have been filed and the matters are now ready for decision.

Case No. 2015 is a complaint brought by Pickwick Stages, Northern Division, a corporation, against W. W. Wilcox and Murray Bayles, and the above individuals as copartners doing business under the fictitious name and style of Wheeler's Hot Springs Stage Line, in which complaint it is alleged that defendants are operating automotive stage service for the transportation of passengers and express matter for compensation between Los Angeles and Wheeler's Hot Springs via Ventura and Ojai. Said application prays for an order of the Railroad Commission a certificate declaring that public convenience and necessity require such operation. The complainant prays that the Commission issue its order requiring defendants to desist from all operation until such time as they have first secured a certificate of convenience and necessity in accordance with the provisions of chapter 213, Statutes of 1919 and amendments thereto.

The answer of defendants denies allegations as set forth in the complaint.

Application No. 10585 is an application filed on behalf of W. W. Wilcox and Murray D. Bayles, copartners, in which they petition the Railroad Commission for a certificate of public convenience and necessity authorizing the operation of automotive stage service between

Los Angeles, Wheeler's Hot Springs and intermediate points via Ventura and Ojai. Said application prays for an order of the Railroad Commission adjudicating the rights of applicant to carry on operation as heretofore conducted and that if it should be held that applicant has no legal and existing right to carry on said operation applicant be granted a certificate to continue service the year around under the same schedules and rates as such service has been heretofore conducted during the period May 1st to November 1st of preceding years.

With respect to the rights of the copartnership to operate at the present time. Section 5 of chapter 213, Statutes of 1917 provides in part that no certificate need be secured by any individual, copartnership or corporation who was in good faith operating an automotive stage or truck line for the carriage of passengers or property for compensation over a regular route or between fixed termini as of May 1, 1917. Tariffs were filed in May, 1917, covering the service brought into question under the proceedings now before the Commission, but such tariffs were not filed in the name of the copartnership applicant herein. A tariff was filed by Bayles covering operation of passenger and express stage service between Los Angeles and Ojai via Ventura, naming certain other intermediate points such as Calabasas, Newbury Park and Camarillo. A separate tariff was filed on behalf of W. W. Wilcox covering a similar service between Ojai, which was then known as Nordhoff, and Wheeler's Hot Springs. It appears from the testimony of witnesses called in the present proceeding that during the year 1917 Bayles, as an individual, operated an automotive stage for the transportation of passengers and express matter from Los Angeles to Ojai, serving certain intermediate points en route over what is known as the Conejo grade. Wilcox operated as an individual between Ojai and the springs, passengers being transferred at Ojai. Bayles collected his fare for transportation service rendered by him, and Wilcox the fares provided in his tariff covering transportation from Ojai to the springs. Both of such lines were operated by their respective owners as individuals and not as a copartnership, their only relationship being a transfer of passengers from one line to another at Ojai. During the season of 1918 the route from Ojai having been somewhat improved, Wilcox discontinued stage service entirely and Bayles operated through from Los Angeles to the springs as an individual and not as a copartner of Wilcox. Similar operation was carried on by Bayles during the season of 1919, seasons above referred to being for the period May 1st to November 1st of the year. No service whatsoever was rendered during the winter months. At the beginning of the season of 1920 it appears that Bayles had certain financial reverses which prevented his continuance of stage service between Los Angeles, Wheeler's Hot

Springs and intermediate points. At the beginning of the season of that year Wilcox entered into an agreement with said Bayles under which Wilcox was to furnish the necessary equipment, pay all expenses, receive all revenues and to employ Bayles as a driver at a fixed monthly salary, the agreement further providing that if there were any net profits accruing from the stage service over and above the costs of operation said profits were to be divided equally between Bayles and Wilcox.

This plan of operation continued through the seasons of 1920, 1921, 1922, 1923 and 1924. Both copartners testified at the hearing that there had been no profits and accordingly no division of such profits between the alleged copartnership. The annual reports filed by the Wheeler's Hot Springs Stage Line, however, show that for the year 1922, a profit was made in the operation of such stage service, although no division of such profits was made between the two applicants herein nor did the copartners as such share an equal amount of the loss incurred in such operation during other seasons.

From the brief history of the operations of this stage service as outlined above and a review of the evidence submitted in these proceedings, we are of the opinion and hereby find as a fact that W. W. Wilcox and Murray D. Bayles, copartners, doing business under the fictitious name of Wheeler's Hot Springs Stage Line, were not operating automotive stage service for the common carriage of passengers and express matter between Los Angeles and Wheeler's Hot Springs via Newbury Park, Camarillo, El Rio, Montalvo, Ventura and Ojai, and that such copartnership has no right to operate automotive stage service between such points due to operation in good faith prior to May 1, 1917, and continuously thereafter.

With respect to the necessity for the establishment of stage service over the route herein proposed to be served by the copartnership, This application was protested by Pickwick Stages, Northern Division, a corporation, operating automotive stage and express service between Los Angeles, Ventura and intermediate points thereto hereinabove named; Ventura-Ojai Stage Line, operating automotive stage service between Ventura and Ojai and intermediate points; American Railway Express Company and Southern Pacific Company operating a passenger and express rail service between Los Angeles, Ventura and Ojai.

Applicants propose to operate one round trip per day between Los Angeles and the springs, using in such service one 8-passenger Packard touring car, and to charge rates as at present set forth in tariff now on file. Counsel for applicant admitted that the service of existing carriers between Los Angeles, Ventura and Ventura and Ojai is adequate to meet the demands of the traveling public between such points.

There is no dispute as to the necessity for stage service beyond Ojai to and including Wheeler's Hot Springs. Applicants, however, did contend that service to points beyond Ojai to and including the springs could not be rendered profitably unless the stage used in such service was permitted to pick up and discharge passengers and express matter locally between all intermediate points, provided it had empty seats available on its one round trip per day between Los Angeles and the springs.

A number of witnesses were called from various points along the route who testified that they preferred to use the stage of applicants when available for transportation between Los Angeles and such other intermediate points principally due to the fact, as it would appear from the evidence, that such stage was of a touring car type and would be more convenient and comfortable than the stage type of equipment used by protestant automotive carriers.

Protestant Southern Pacific Company operates five round trips per day between Los Angeles and Ventura and one round trip per day between Ventura and Ojai, express matter being carried on the trip between Ventura and Ojai and on the two trips between Los Angeles and Ventura by the American Railway Express Company. Protestant Pickwick Stages, Northern Division, has submitted an exhibit showing seating capacity on stages operated via Los Angeles and Ventura for July, August and September, 1924, which exhibit shows that of its scheduled trips between such points for the month of July it operated a total of 7761 seats northbound of which 3325 were occupied and 4436 vacant; for the same month southbound, 7706 were operated, 3542 occupied and 4164 vacant. For the month of August, northbound 7456 seats were operated, 3976 occupied and 3480 vacant; southbound for the same month 7396 seats were operated, 3743 occupied and 3653 vacant. For the month of September, northbound, 7273 seats were operated, 3345 occupied and 3928 vacant. Southbound, 7485 seats operated, 3618 occupied and 3869 vacant. This exhibit would tend to show that this particular protestant operates sufficient equipment over this particular division to adequately serve passenger demands made upon it. There is no question but that the Southern Pacific Company, in its rail service, has sufficient coaches available to care for any and all traffic offering between Ventura, Los Angeles and points served by the rail line; also as to rail service between Ventura and Ojai. The evidence further shows that the Ventura-Ojai schedule and the schedules between Ventura and Los Angeles have always had available sufficient equipment to handle any and all passenger traffic offered.

From a review of the evidence and exhibits introduced in this proceeding there can be no question as to the existing stage and rail lines

being adequately able to care for passenger and express transportation demands between Los Angeles, Ventura and Ojai and intermediate points. This is further substantiated through statements of counsel for applicant to the effect that they admitted that the existing transportation services were rendering an adequate service to which they had no complaint to make nor were they in the present proceeding attacking in any manner whatsoever the efficiency of existing lines of transportation.

In view of the foregoing the issue in this proceeding narrows down to a single one as to whether or not a certificate should be granted to the present applicants permitting the copartnership to carry passengers and express matter locally solely for the reason that the additional revenues accruing to the copartnership from such local business will enable it to continue rendering service to the springs at a profit or at a minimum loss instead of a loss which would probably occur if local service were prohibited.

Mr. Wilcox, one of the copartners herein, is the owner and operator of Wheeler's Hot Springs, and he testified in effect, "We have to give local service in order to take care of our patrons." While it is true that the copartners testified that it was not their intention to build up a purely local business, but only to take care of local traffic when empty seats were available on their stages to and from the springs, they also testified in effect that they desired to advertise this business, develop it to the greatest extent possible and to put on all equipment necessary to handle all traffic which could be developed, both through and local.

With respect to the necessity for local service. From testimony offered it appears that since 1915, or the inception of this stage service, up to the present time no service was given whatsoever during the period November 1st to May 1st of each year. This, applicant contended, was due to the fact that such stage service could not be operated through to the springs north of Ojai. It did not appear, however, that applicants attempted during such period the road was open to travel between Los Angeles, Ventura and Ojai, and irrespective of the claimed needs of such local traffic, no effort whatsoever was made by applicants herein to care for such business.

We do not believe that it is a sound policy nor in the interest of public service to authorize the establishment and operation of a local stage service solely upon the ground that more revenue would accrue to the operator through the granting of such local service and would accordingly benefit him in the operation of a transportation service to a summer resort owned by a copartnership in that such operation, thereby permitted him to better care for his own guests, as it is obvious that practically all local business handled by such local service will be taken

away from the existing carriers who are admittedly rendering an adequate and efficient service the year around, winter and summer.

After careful review of the evidence, exhibits and briefs filed in this proceeding, we are of the opinion and hereby find as a fact that public convenience and necessity require the operation by applicant copartnership of automotive stage service for the transportation of passengers and express matter between Los Angeles and Wheeler's Hot Springs, via Ventura and Ojai, but that public convenience and necessity do not require operation of stage service either locally or on through stages to and from the springs, of passengers or express between Los Angeles, Ventura and Ojai and intermediate points, inclusive, other than the pick-up or discharge of passengers, Ojai to Los Angeles and intermediate points, inclusive, when such passengers are destined to or originate at a point north of Ojai to and including Wheeler's Hot Springs. An order will be entered accordingly.

#### ORDER.

Public hearings having been held in the above entitled proceedings, evidence introduced, briefs having been filed, the matter being submitted and now ready for decision, and basing its order on the statements and findings of fact as set forth in the above preceding opinion;

*It is hereby ordered*, that W. W. Wilcox and Murray D. Bayles, as individuals, and as copartners, doing business under the fictitious name and style of Wheeler's Hot Springs Stage Line, be and they hereby are ordered to cease forthwith the operation of an automotive stage line for the transportation of passengers and express for compensation between Los Angeles and Wheeler's Hot Springs and intermediate points, except and only in accordance with the certificate of public convenience and necessity hereinafter granted.

The Railroad Commission of the State of California hereby declares that public convenience and necessity require the operation by W. W. Wilcox and Murray D. Bayles, copartners doing business under the fictitious name and style of Wheeler's Hot Springs Stage Line, of an automotive stage line for the transportation of passengers and express matter between Los Angeles and Wheeler's Hot Springs and intermediate points, provided, however, that public convenience and necessity do not require the operation by said copartnership of automotive passenger and express service either by the operation of local stages or upon through stages, between Los Angeles, Ojai and intermediate points, inclusive, except such passengers or express packages that are picked up or discharged in said territory when originating at or destined to points north of Ojai to and including Wheeler's Hot Springs.



*It is hereby further ordered*, that a certificate of public convenience and necessity be and the same hereby is granted subject to the following conditions:

Express matter authorized to be handled under certificate hereinabove granted will be limited to express packages not to exceed 100 pounds in weight.

Applicants shall file within a period of fifteen (15) days from date hereof written acceptance of the certificate herein granted which written acceptance shall contain a statement to the effect that such copartnership understands the restrictions as contained in said certificate and that said restrictions will be fully complied with.

Applicant shall file within a period of not to exceed twenty days from date hereof tariff of rates and time schedules, such tariff of rates to be identical with tariff of rates as now on file with the Railroad Commission with the exception that local rates between intermediate points shall be eliminated in accordance with the restrictions as contained in the certificate herein granted; service to commence within five (5) days after filing of said tariff of rates and time schedules.

The rights and privileges herein authorized may not be discontinued, sold, leased, transferred nor assigned unless the written consent of the Railroad Commission thereto has first been secured.

No vehicle may be operated by applicant copartners unless such vehicle is owned by them or is leased under a contract or agreement on a basis satisfactory to the Railroad Commission.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14482.

IN THE MATTER OF THE APPLICATION OF GEORGE H. JONES TO  
SELL TO LELAND S. GREEN THE TUOLUMNE TELEPHONE  
EXCHANGE.

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Application No. 10541.

Decided January 27, 1925.

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BY THE COMMISSION.

**ORDER.**

Application having been filed with the Railroad Commission by George H. Jones to sell and by Leland S. Green to buy the Tuolumne Telephone Exchange for a consideration of six thousand dollars (\$6,000), and it appearing that this transfer of properties will be in

the interest of the subscribers of this exchange and of the public, and it appearing that this is not a matter in which a public hearing is required;

*It is hereby ordered*, that George H. Jones be and he is hereby authorized to sell and transfer to Leland S. Green the Tuolumne Telephone Exchange, and that Leland S. Green be and he is hereby authorized to purchase the Tuolumne Telephone Exchange, for the sum of six thousand dollars (\$6,000); provided, that this transfer shall have been made on or before March 31, 1925, and provided, a certified copy of the instrument of conveyance of said property shall be filed with this Commission within thirty (30) days of the date of its execution.

*It is hereby further ordered*, that Leland S. Green shall file with the Railroad Commission within a period of thirty (30) days of the date of the transfer, schedule of rates now in effect, together with rules and regulations governing telephone service.

*It is hereby further ordered*, that the consideration for the transfer of telephone properties shall not be considered as a measure of value of said properties for any purpose other than the transfer herein authorized.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14483.

IN THE MATTER OF THE APPLICATION OF JOHN V. LEITHOLD AND OSCAR REINHARDT FOR AN ORDER APPROVING THE SALE AND TRANSFER OF THE KNIGHTS LANDING TELEPHONE EXCHANGE.

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Application No. 10589.

Decided January 27, 1925.

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BY THE COMMISSION.

**ORDER.**

Application having been filed with the Railroad Commission for an order authorizing John V. Leithold to sell, and Oscar Reinhardt to purchase Knights Landing Telephone Exchange for two thousand dollars (\$2,000), and it appearing that this transfer will be in the interest of the subscribers of this exchange and of the public, and it appearing that this is not a matter in which a public hearing is required;

*It is hereby ordered*, that John V. Leithold be and he is hereby authorized to sell and transfer to Oscar Reinhardt the Knights Landing Exchange, and that Oscar Reinhardt be and he is hereby authorized to purchase the same for two thousand dollars (\$2,000); pro-

vided, that this transfer shall have been made on or before March 31, 1925, and provided, a certified copy of the instrument of conveyance of said property shall be filed with this Commission within a period of thirty (30) days after the date of its execution.

*It is hereby further ordered*, that Oscar Reinhardt shall file with the Railroad Commission within a period of thirty (30) days of the date of the execution of said instrument of conveyance, a schedule of the rates now in effect in Knights Landing Exchange, together with rules and regulations governing telephone service therein.

*It is hereby further ordered*, that the consideration for the transfer of this telephone property shall not be considered as a measure of value of said property for any purpose other than the transfer herein authorized.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14486.

IN THE MATTER OF THE APPLICATION OF GRACE N. CUSHING OF  
MILL VALLEY, MARIN COUNTY, CALIFORNIA, FOR PERMISSION  
TO SELL WATER DISTRIBUTING SYSTEM.

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Application No. 10700.

Decided January 27, 1925.

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BY THE COMMISSION.

**ORDER.**

Grace N. Cushing having made application to this Commission for authority to transfer to the Marin Municipal Water District, a public corporation, the water plant known as the Blithedale Canyon Water System, which serves water for domestic purposes to certain consumers residing in the town of Mill Valley, Marin County, and the Marin Municipal Water District having duly authorized the purchase of said water system; and it appearing that this is not a matter in which a public hearing is necessary and that the application should be granted;

*It is hereby ordered*, that Grace N. Cushing be and she is hereby authorized to transfer to Marin Municipal Water District, a public corporation, the distribution system owned by her and known as the Blithedale Canyon Water System, in the town of Mill Valley, Marin County, said system being more particularly described in the application herein, and in accordance with the terms and conditions as set out in said application.

*It is hereby further ordered,* that the authority herein granted shall be subject to the following conditions:

1. The purchase price agreed upon between the applicants herein shall not be urged before this Commission or any other public body as a finding of value for rate fixing or any purpose other than the transfer herein authorized.

2. The authority herein granted shall apply only to such transfer as may have been made on or before May 31, 1925, and a certified copy of the instrument of conveyance shall be filed with the Commission by Grace N. Cushing within thirty (30) days of the date on which it is executed.

3. Within ten (10) days from the date on which Grace N. Cushing actually relinquishes control and possession of the property herein authorized to be transferred, she shall file with this Commission a certified statement indicating the date on which such control and possession was relinquished.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14492.

CITY OF OAKLAND, A MUNICIPAL CORPORATION,

*vs.*

KEY SYSTEM TRANSIT COMPANY, A CORPORATION.

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Case No. 1989.

Decided January 27, 1925.

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*Leon E. Gray, Attorney for City of Oakland.*

*M. C. Chapman and Morrison, Dunne & Brobeck, by Herman H. Phleger, for Key System Transit Company.*

*William J. Locke, City Attorney, for the City of Alameda.*

*D. J. Hall, City Attorney, for the City of Richmond.*

*E. J. Sinclair, for the City of Berkeley.*

*G. A. Bahler, for the Oakland Chamber of Commerce.*

*Geo. E. Sheldon, Secretary-Manager Uptown Association.*

*James P. Koll, Executive Secretary, for the Downtown Property Owners Association.*

*L. C. Hall, for Rockridge Improvement Club.*

*Mrs. W. T. Clerendon, President, for California State Housewives League.*

*C. P. Hibbard, for Parker Avenue Improvement Club.*

*J. S. Peterson, for Redwood Improvement Club.*

*E. H. Williams, City Attorney, for City of San Leandro.*

*Dr. N. J. Clecak, for West Oakland Boosters' Club.*

BY THE COMMISSION.

**FIRST PRELIMINARY ORDER.**

This is a proceeding initiated by the city of Oakland asking that a survey be made of the street car service now rendered by the Key

System Transit Company, and as a result of such survey, orders be made requiring the improvement of the street car service so as to cure the insufficiency and to make possible a rendition of sufficient, proper and adequate service.

Public hearings in this proceeding were held before Commissioner Seavey on the following dates: June 2, 1924, July 22, 1924, November 10, 1924, and January 9, 1925.

For the purpose of making this survey, a joint committee of engineers, representing the city of Oakland, the Key System Transit Company, and the Commission, was appointed. This committee was instructed to proceed with this survey, and as certain phases of the street car service were analyzed, to make its report rather than to wait until the entire survey was completed.

At the hearing on July 22, 1924, the engineers submitted a report on the extension of motor coach service in the East Oakland district. The routes recommended were as follows: (1) Along Thirty-fifth avenue from Foothill boulevard to Wisconsin street; (2) From East Fourteenth street along Seminary avenue, Trenor street and Seventy-third avenue to East Fourteenth street; (3) Along Foothill boulevard from Trask avenue to Jones avenue, with a connection between Foothill boulevard and East Fourteenth street along Eighty-second avenue. These motor coach services have been installed substantially as described, except that the line along Thirty-fifth avenue has East Fourteenth street and Hopkins street as its termini.

At the public hearing on November 10, 1924, the engineers reported that the cross-town service of the company was being investigated and that a report would be submitted at the next hearing, on January 9, 1925.

Therefore, at the hearing held on January 9, 1925, the report on cross-town service was submitted. This report was submitted in evidence as Commission's Exhibit No. 1. A summary of the conclusions and recommendations are briefly stated as follows:

(1) A motor coach line should be established between Fourteenth avenue at Hopkins street and Fortieth street at Broadway, following in general, Hopkins street, Excelsior boulevard, Santa Clara avenue, Moss avenue and Broadway.

(2) The motor coach route along High street connecting Alameda with East Fourteenth street, then being worked out by the company and the city of Alameda, should be installed.

(3) The inauguration of additional local facilities on Key Division trackage is not warranted at this time.

(4) Motor coach service should be given a fair trial in the Rockridge district.

(5) The Montclair motor coach service could and should be extended into the Glenwood district without additional equipment.

The defendant signified that it was ready to comply with the recommendations substantially as set forth in the committee's report. It appears to the Commission that these recommendations should be carried out and the recommended additional facilities should be installed without prejudice as to any findings later to be made by the Commission in this proceeding.

Now, therefore, as a preliminary order in this proceeding, and specifically reserving for future consideration in any subsequent orders herein the subject of further improvement of the street car service of the Key System Transit Company;

*It is hereby ordered*, that the Key System Transit Company be and it is hereby directed to make application to the proper governing or regulatory bodies for the necessary franchises, permits or certificates of public convenience and necessity as may be required by law for the operation of motor coach service substantially along the routes hereinafter indicated.

Route (1). From a connection with the Hopkins line at Fourteenth avenue and Hopkins street, thence via Hopkins, Excelsior, Santa Clara, Fairmont, Moss avenue and Broadway, to a connection with the Fortieth street line at Fortieth street and Broadway.

Route (2). The conversion of the existing Fernside Motor Coach Line in the city of Alameda into a cross-town connection in general along High street between Santa Clara avenue and East Fourteenth street.

Route (3). From Claremont avenue at Chabot road, thence via Chabot road, Patton street, Broadway and Manilla street, to a connection with College avenue, thence returning via College avenue, Kales street, Broadway, Patton street and Chabot road to Claremont avenue.

Route (4). The conversion of the existing Montclair motor coach route so as to serve the Glenwood district; beginning at Piedmont avenue and Pleasant Valley avenue, thence via Pleasant Valley avenue and Moraga road to Montclair (Hampton road) and from the intersection of Moraga road and Thorn road, via Thorn road and Duncan way to Broadway terrace.

*It is hereby further ordered*, that upon being granted the necessary franchise, permits and certificates of public convenience and necessity for said motor coach operation, that the Key System Transit Company be and it is hereby directed to provide service as therein authorized, except that this Commission reserves the right to make such further orders relative to the route, schedule and service as it may hereafter deem right and proper.

The effective date of this order shall be five (5) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14495.

IN THE MATTER OF THE APPLICATION OF THE WESTERN PACIFIC  
RAILROAD COMPANY FOR APPROVAL OF A PLAN OF SIGNALING  
AT MARYSVILLE, CALIFORNIA.

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Application No. 10456.

Decided January 27, 1925.

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BY THE COMMISSION.

**FIRST SUPPLEMENTAL ORDER.**

The Western Pacific Railroad Company, a corporation, filed with the Commission on January 21, 1925, an amended application in connection with a plan of signaling at Marysville, California. The essential features of the modified plan presented in this amended application have been arrived at by the officials of the railroad company as a result of a number of conferences with the Engineering and Service Departments of the Commission.

It appears to the Commission that further hearing is not necessary in this proceeding in connection with the amended application, and it further appears that the modified plans provide more adequate and substantial protection than that afforded by the plans presented in the original application, which original plans the Commission rejected in its Decision No. 14314, dated November 29, 1924. The amended application should be granted; therefore,

*It is hereby ordered*, that permission be and it is hereby granted The Western Pacific Railroad Company to install a system of automatic block signals and derails, described as follows:

Joint operations of the Sacramento Northern and Western Pacific trains over the Western Pacific Yuba River bridge near Marysville, California, and for a short distance on each side thereof shall be protected by automatic block signals, which signals will be set in a normal stop position, only clearing on the approach of trains if the joint track and those portions of the tracks of the other line in immediate proximity thereto are unoccupied and it is safe for the train to proceed. In addition thereto, there shall be installed mechanically connected derailleurs in advance of the fouling point at each point leading into the joint track, viz., on Sacramento Northern track west of the Yuba River bridge at Oliver, on Sacramento Northern passenger track leading to Second street, Marysville, and on Western Pacific passing track as extended, which will enter the main line just east of the Yuba River

bridge. In addition thereto rules shall be issued and enforced restricting the speed of all trains within the joint track area to fifteen miles per hour.

Said system of automatic block signals and derails is shown on the plans entitled Exhibits "A" and "B," dated January 17, 1925, attached to the amended application. The approval of the above described system is given subject to the following conditions:

(1) After said plan of signaling has been installed, the Commission shall be immediately notified.

(2) The Commission reserves the right to make such further orders relative to this plan of signaling and derails as to it may seem right and proper and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

This order shall become effective twenty (20) days after the making thereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14496.

IN THE MATTER OF THE APPLICATION OF SANTA MONICA BAY TELEPHONE COMPANY FOR AUTHORITY TO CREATE A BONDED INDEBTEDNESS OF TEN MILLION DOLLARS, TO EXECUTE A DEED OF TRUST TO SECURE THE SAME, TO PURCHASE PROPERTY, TO ISSUE STOCK AND BONDS FOR CASH AND PROPERTY AND TO OPERATE UNDER VARIOUS FRANCHISES; OF SANTA MONICA BAY HOME TELEPHONE COMPANY FOR AUTHORITY TO SELL ITS PROPERTY FOR STOCK OF SANTA MONICA BAY TELEPHONE COMPANY.

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Application No. 10412.

Decided January 27, 1925.

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BY THE COMMISSION.

**SECOND SUPPLEMENTAL ORDER.**

The Commission by Decision No. 14258, dated November 14, 1924, authorized Santa Monica Bay Telephone Company to issue, subject to the terms and conditions of such decision, \$450,000 of common stock and \$125,000 of 7 per cent preferred stock and \$836,000 of 6 per cent bonds. By such decision the Commission also authorized the Santa Monica Bay Home Telephone Company to transfer its properties to the Santa Monica Bay Telephone Company.

Referring to the issue of common stock, the Commission in its decision says:

Santa Monica Bay Telephone Company asks permission to issue \$650,000 of common stock "together with stock issued at its par value for additions and extensions from July 1, 1924, to date of transfer and accounts receivable on the date of transfer" of the properties. The \$650,000 was apparently arrived at by deducting from the estimated reproduction cost new less depreciation



reported by A. L. Wilson, the liabilities to be assumed. Inasmuch as a further hearing will be had in this matter and the question of accrued depreciation and the amount that should be in the reserve for accrued depreciation considered at such hearing, the Commission will not at this time authorize the issue of \$650,000 of common stock. The order herein will permit of the transfer of the properties and the issue of \$450,000 of common stock. Following the further hearing an order will be entered increasing the amount of stock if the evidence justifies such an increase.

A further hearing was had in the above entitled matter before Examiner Fankhauser on November 17th. At such hearing the Commission introduced its Exhibit No. 1, which is a statement prepared by Paul Thelen, an assistant engineer of the Commission, showing the amounts that should have been in the reserve for accrued depreciation of Santa Monica Bay Home Telephone Company on June 30, 1924, using a 5 per cent sinking fund basis and a straight line basis for calculating the depreciation. The former method results in a total of \$177,206 and the latter in a total of \$243,431. The company through its witnesses reaffirmed its views on depreciation as originally submitted at the hearing had on October 6, 1924. At such hearing A. L. Wilson, consulting engineer for the company, stated that in his opinion the amount that should be in the reserve would approximate the accrued depreciation of \$113,564 reported by him.

At the hearing had on November 17th applicants filed a statement (Exhibit No. 9) in support of an alleged going concern value of \$73,110.65. This is in addition to the value of the properties as submitted at the original hearing. The \$73,110.65 is segregated in the two items, namely developing business, \$44,098.10, and losses sustained during early development period, \$29,012.55. As of September 30th, the Santa Monica Bay Home Telephone Company reports an accumulated surplus of \$92,924.66. It is also reported that some of the accounts of the company are incorrect, in that cost items which should have been charged to capital account have been included in operating expenses. To the extent that this is a fact, operating expenses, if the accounts had been properly kept, would be reduced and the unappropriated surplus accordingly increased. There was no evidence submitted showing that the company has not recovered the losses which it may have sustained during its early history. Moreover, if any such losses have been sustained, the losses were those of the Santa Monica Bay Home Telephone Company, and not those of the Santa Monica Bay Telephone Company, which asks permission to issue common stock, to acquire the equity in the properties of the Santa Monica Bay Home Telephone Company.

On November 26th applicants filed a supplemental application in which they ask that Santa Monica Bay Telephone Company be permitted to issue \$750,000 of common stock upon the basis and statements set forth in the original application and amendments thereto.

The Commission has been advised that the properties of the Santa Monica Bay Home Telephone Company were transferred to the Santa Monica Bay Telephone Company on December 31, 1924. Statements have been filed showing the cost of additions and betterments to the properties from June 30, 1924, the date of the valuation of the properties heretofore submitted, to December 31, 1924. The Commission has before it also a statement of the liabilities which the Santa Monica Bay Telephone Company has assumed, or will assume. Having considered the evidence submitted in connection with this proceeding, we are of the opinion that the Santa Monica Bay Telephone Company should be permitted to issue \$200,000 of common stock in addition to the \$450,000 heretofore authorized to be issued.

We are further of the opinion that the company should, in opening its accounts, set up its reserve for depreciation on a 5 per cent sinking fund basis, in accordance with the principles appearing in the Commission's Exhibit No. 1.

*It is hereby ordered*, that the order in Decision No. 14258, dated November 14, 1924, be and it is hereby amended so as to permit Santa Monica Bay Telephone Company to issue and sell at not less than par \$650,000, instead of \$450,000, of common stock and use the proceeds to pay in part the cost of the properties of Santa Monica Bay Home Telephone Company, or deliver such stock at not less than par in part payment for such properties.

*It is hereby further ordered*, that the order in Decision No. 14258, dated November 14, 1924, shall remain in full force and effect, except as amended by this second supplemental order.

*It is hereby further ordered*, that the supplemental application filed in the above entitled matter on November 26, 1924, be and the same is hereby dismissed without prejudice.

Dated at San Francisco, California, this twenty-seventh day of January, 1924.

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DECISION No. 14500.

IN THE MATTER OF THE APPLICATION OF THE HAYDIS TRUCKING COMPANY, A COPARTNERSHIP, FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO OPERATE AUTO FREIGHT TRUCK SERVICE BETWEEN THE CITY OF LOS ANGELES AND SAN DIEGO VIA ESCONDIDO AND VIA CARLSBAD, AND INTERMEDIATE POINTS.

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Application No. 10314.

Decided January 27, 1925.

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*Marshall Stimson, Noel C. Edwards and Frank M. Smith*, for Applicants.  
*E. T. Lucey*, for Atchison, Topeka and Santa Fe Railway, Protestant.  
*H. J. Bischoff*, for Coast Truck Line, Protestant.

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*Mark Thompson, Ed Stern and T. A. Woods, for American Railway Express Company, Protestants.*

*Warren E. Libby, for Boulevard Express, Inc., and Webb Bros., Protestants.*

*Phil Jacobson, for Franchise Carriers' Ass'n, Protestant.*

*Fred P. Gregson, for Associated Jobbers, in behalf of Applicants.*

BY THE COMMISSION.

#### OPINION.

In this proceeding, as amended, J. Haydis and M. Haydis, copartners doing business under the fictitious name of Haydis Trucking Company, petition the Railroad Commission for a certificate of public convenience and necessity authorizing the operation of automotive truck service between Los Angeles and San Diego via Oceanside, Carlsbad, Encinitas, Cardiff and Del Mar and between Oceanside and San Diego via Vista, San Marcos and Escondido.

Public hearings were held before Examiner Williams at Los Angeles and San Diego, evidence introduced and the matter submitted, and it is now ready for decision.

Granting of the application was protested by The Atchison, Topeka and Santa Fe Railway Company, Coast Truck Line, a corporation, American Railway Express Company, Boulevard Express, Inc., Webb Brothers, and Franchise Carriers' Association. In view of the amendments made by applicants eliminating proposed service between San Diego and Escondido and intermediate points, the protest of Webb Brothers was withdrawn.

Applicants propose to operate one round trip per day between Los Angeles and Oceanside, one round trip per day between Oceanside and San Diego via Carlsbad, and one via Escondido. Rates to be charged are as more fully set forth in Exhibit "A" accompanying the application, the commodities being divided into two classes, namely, first and second. The rates, Los Angeles to Oceanside and San Diego or intermediate points, are 75 cents first class and 50 cents second class, and between intermediate points from San Diego to Oceanside, 40 cents first class and 25 cents second class. Equipment proposed to be used consists of some ten 5-ton trucks, two 3-ton trucks, three 1-ton trucks, one 2-ton truck, and one 1½-ton truck, together with five 5-ton trailers, the heavier equipment to be used on line haul, the lighter equipment for pick-up and delivery service.

Amendments to the application as now before the Commission leave as protestants Coast Truck Line, operating between Los Angeles, San Diego, including Escondido and Cardiff on the inland route; Boulevard Express between Los Angeles and San Diego and certain intermediate points; Atchison, Topeka and Santa Fe Railway, Los Angeles to San Diego and intermediate points; and the American Railway Express Company, transporting express matter over the line of the Santa Fe Railway Company.

A considerable number of witnesses called on behalf of applicants testified to the nature of the service rendered by applicants to them in the past, also as to service they had received from shipments made over the lines of existing carriers. In considering this testimony, particularly as regards the many witnesses who testified as to service they had heretofore received from applicant, a brief review of the applicants' past operations is required.

Some years ago M. Haydis applied for a certificate of public convenience and necessity to operate motor truck service between Los Angeles, San Diego and intermediate points, which application was denied by the Commission. Subsequent to such denial, he formed a corporation known as Truck Owners and Shippers, Inc., also another corporation known as the Haydis Forwarding Company, and commenced operating trucks in the transportation of property for compensation between Los Angeles, San Diego and certain intermediate points.

In a proceeding brought by Coast Truck Line, one of the protestants herein, in the superior court in and for the county of San Diego, being No. 40953, an injunction was issued decreeing that defendants Truck Owners and Shippers, Inc., Haydis Forwarding Company, and each of them and all their agents, employees, counselors and attorneys and all others acting in, aiding in or assisting in, and each of them be enjoined from operating auto trucks for transportation of property for compensation on any public highway in the state between fixed termini or over a regular route in competition with plaintiff (Coast Truck Line, a corporation) until they shall have obtained from the Railroad Commission of the State of California a certificate declaring that public convenience and necessity require such operation.

Evidence introduced by J. Haydis and M. Haydis tends to show that after such injunction was issued operation of trucks was discontinued by the corporations named. A number of trucks were leased to the Boulevard Express and property was picked up locally in the city of Los Angeles and San Diego by the Forwarding Company and transferred to opposite terminus by these leased trucks. This practice was carried on for about thirty days, whereupon J. Haydis, brother of M. Haydis, and not a defendant in the proceeding above mentioned in the superior court in and for the county of San Diego, commenced operation under the fictitious name of J. Haydis Forwarding Company. He testified in effect that he had continued to so operate and was so operating during the hearing upon this proceeding and prior thereto.

The method of operation of applicants herein in the performance of service as hereinabove described is to lease trucks from individuals, maintain pick-up and delivery trucks in the cities served, the leased

trucks being loaded at the terminus of the Forwarding Company and operated to destination, the lessor receiving a stated amount covering his operation, the billing and collection of amounts due for shipments moved being handled by J. Haydis, M. Haydis or their employees.

It further appears that subsequent to the issuance of the injunction hereinabove named, M. Haydis and the Haydis Forwarding Company commenced operation of trucks for transportation of property for compensation between the city of Los Angeles and points in the Imperial Valley and that such transportation was being carried on prior to and during the time of hearing of the present proceeding, although no certificate had been obtained from the Railroad Commission authorizing such operation as required under the provisions of chapter 213, Statutes of 1917, and amendments thereto.

With reference to testimony introduced by witnesses called on behalf of applicants as to the existence of a public necessity for the service herein proposed, practically all of this testimony, it developed, was based upon the assumption that the shippers were to receive a lower rate than that provided for in the tariff of protestant carriers. The rates proposed in the application set forth are higher than those heretofore charged, being 75 cents, first class, and 50 cents second class, testimony showing that the highest rate heretofore charged by this applicant was 50 cents per hundred or lower. The application provides a classification which lists some sixty-five items as first class and 129 as second class, approximately one-third paying the 75-cent rate. The rates of the Boulevard Express are in the main higher than those provided by applicants, as are also the rates of the American Railway Express Company. The rates of The Santa Fe Railway Company, however, are lower, although their service does not include pick-up and delivery. The rates of the Coast Truck Line, which are segregated into four classes, range from 60 cents per hundred, first class, to 48 cents per hundred, fourth class, Los Angeles to Ocean-side, as against the rate of 75 cents and 50 cents per hundred, first and second class, as proposed by applicants. Coast Truck Line rate, Los Angeles to San Diego, ranges from 75 cents first class, being the same as applicants', to 55 cents, fourth class, with a difference in the last rate of 5 cents per hundred in favor of applicants herein.

Evidence was further brought out by cross-examination of applicants and by the presentation of testimony by witnesses called by protestants as to the financial ability of the copartnership to render a service as proposed should the application be granted as applied for. Exhibits show that the copartnership existing at this time owns no property whatsoever. Further, J. Haydis testified that he owned no property other than the home in which he lived, which has been homesteaded, and some six shares of stock in the Haydis Forwarding Com-

pany and an interest in one truck. M. Haydis claimed that he owned no property other than an interest in a number of trucks, the small pick-up and delivery trucks being registered in the name of the Haydis Forwarding Company, legal owners being other parties in all cases. They testified, however, that they were able to acquire sufficient capital to secure all necessary equipment required in the proposed service. This, however, was not borne out by the testimony of other witnesses. Further efforts on the part of protestants failed to procure the production, on the part of applicants, of any definite showing as to their ability to finance operations as herein proposed.

The American Railway Express Company operates four schedules southbound, upon which express is carried to San Diego, three to Oceanside and one to Escondido; four are also northbound from San Diego and Oceanside to Los Angeles and one to Escondido. This includes pick up and delivery at larger points. Their rate per 100 pounds on merchandise N. O. S. Los Angeles to points Oceanside and San Diego, inclusive, is \$1.54 per 100 pounds; food and drink articles, N. O. S., \$1.16 per hundred; perishables, such as butter, eggs, fresh vegetables, etc., 96 cents per hundred. They maintain a materially lower rate on return empty containers, this rate running from milk cans, which are returned free, up to 10, 15 and 20 cents per container.

The Boulevard Express Company operates eleven trucks and four trailers, together with four distributing trucks at San Diego and two at Los Angeles. The testimony of an official of this company was to the effect that all freight moving from Los Angeles overnight to San Diego was delivered to consignee by 10 o'clock the following morning.

Coast Truck Line itself leases a considerable portion of its equipment. Testimony with reference to this company was to the effect that all shipments moving overnight from Los Angeles to San Diego were delivered before 12 the following morning.

After careful review of the evidence and exhibits introduced in the above entitled proceeding, we hereby find as a fact that there exists no public convenience and necessity which would warrant the establishment of an additional transportation company by motor truck between Los Angeles and San Diego and intermediate points proposed to be served under the application herein under consideration. An order will be entered accordingly.

#### ORDER.

Public hearings having been held in the above entitled proceeding, evidence and exhibits introduced and the matter being submitted and now ready for decision, and basing its order upon the statements and finding contained in the opinion preceding this order;

*It is hereby ordered*, that the above entitled application be and the same hereby is denied.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this twenty-seventh day of January, 1925.

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DECISION No. 14505.

IN THE MATTER OF THE APPLICATION OF THE CITY OF EL MONTE, A MUNICIPAL CORPORATION, FOR AN ORDER AUTHORIZING THE CONSTRUCTION AT GRADE OF THE PROPOSED EXTENSION OF COLUMBIA STREET ACROSS THE RIGHT OF WAY AND PROPERTY OF THE SOUTHERN PACIFIC COMPANY, A CORPORATION, AND TO EFFECT THE EXTENSION OF SAID COLUMBIA STREET.

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Application No. 10633.

Decided January 30, 1925.

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*W. F. Dunn*, City Attorney of El Monte, for Applicant.

*Frank Karr*, for Southern Pacific Company.

*John R. Berryman, Jr.*, for Los Angeles County Grade Crossing Committee.

*D. De Coster*, Deputy County Counsel, and *P. F. Coonsell*, Supervisor, for the County of Los Angeles.

BY THE COMMISSION.

**OPINION.**

In the above entitled application the city of El Monte asks permission to construct Columbia street at grade across Southern Pacific Company's tracks in the city of El Monte, county of Los Angeles, State of California.

A public hearing was held in this matter by Examiner Williams at Los Angeles on December 12, 1924.

Columbia street is an east and west highway of El Monte which runs parallel to and approximately 170 feet south of the Pacific Electric railroad, extending from its intersection with Main street on the east to Hoyt street, a narrow street near the west city limits. Applicant now desires to extend Columbia street to the east boundary of the city, crossing the Southern Pacific Company's track immediately south of the existing crossing of that railroad over the Pacific Electric Railway Company's tracks.

The proposed extension of Columbia street east of Main street is also parallel to and on the southerly side of the Pacific Electric Railway Company's right of way. This street will connect with a new highway artery which the county contemplates building between Baldwin Park and El Monte, and thus will be a link in a through highway between Pomona and Los Angeles. This new highway artery avoids three grade crossings over railroads for traffic between Pomona and El Monte. The present highway between Baldwin Park and

El Monte is by way of Bassett and the proposed highway will shorten the distance between these points about one and one-half miles.

Southern Pacific Company has a 100-foot right of way in the vicinity of the proposed crossing and the Pacific Electric has a right of way 80 feet in width. The proposed Columbia street extension is 50 feet in width, and crosses the Southern Pacific tracks at an angle of approximately 48 degrees.

The grade crossing of the two railroads is protected by an interlocking plant, the tower of which is located south of the Pacific Electric tracks and easterly of Southern Pacific Company's tracks. If Columbia street is to be constructed adjacent to and on the south side of Pacific Electric Railway Company's right of way, it will be necessary to relocate this tower, as it extends about 25 feet south of the south right of way line of the Pacific Electric Railway. Applicant proposes either to move the tower to the north side of Pacific Electric tracks or to detour Columbia street around the tower as now located. It would appear that if Columbia street is to be constructed in this vicinity, the importance of maintaining a straight course for such an important highway would justify the comparatively small expense of moving the tower. Furthermore, this arrangement would offer a better view of the grade crossing if one is to be established here.

The nearest grade crossing over the Southern Pacific Company's track to the southeast of the one proposed herein is located at Peck road, a distance of approximately 1400 feet. The westerly line of Peck road is the easterly boundary line of the city of El Monte. This highway is improved with oil macadam, carries a considerable volume of traffic, and extends from Main street on the southwest to Dalton road on the north, a distance of a little over three miles.

The Los Angeles County Grade Crossing Committee's Exhibit No. 1 shows an alternative route for this through highway in the vicinity of El Monte. This alternate route leaves Columbia street extended at a point approximately 800 feet west of Peck road, runs thence in a southwesterly direction to an intersection with Meeker road at Main street, thence follows Meeker road in a southerly direction a distance of 1400 feet, thence runs in a southwesterly direction to an intersection with Garvey avenue. This alternative route crosses the Southern Pacific's track at right angles at a point approximately 850 feet southeast of the crossing proposed herein. The said Grade Crossing Committee also recommends that the grades be separated by constructing this alternate route under Southern Pacific Company's track. They further recommend that the Peck avenue grade crossing be closed after constructing adequate connections to the proposed Columbia street.



It is argued that this alternative route is a more direct route for through traffic between Baldwin Park and Los Angeles than the route provided by Columbia street if extended so as to cross the Southern Pacific Company's track at the location applied for in this application; furthermore, it is argued that the suggested alternative route makes a right angle crossing with the railroad, and would therefore be more favorable for a grade separation than the crossing applied for.

From the evidence it appears that a more direct route than that suggested by the Los Angeles County Grade Crossing Committee's Exhibit No. 1 can be provided between Baldwin Park and Los Angeles by extending Peck avenue northeast from Main street in a straight line to the proposed extension of Columbia street and southwest to an intersection with Garvey avenue. The angle in Peck road about 800 feet northeast of the Southern Pacific Company's tracks would thus be eliminated. Not only would this route be shorter for through traffic between Baldwin Park and Los Angeles than either the route suggested by applicant or that suggested by the Los Angeles County Grade Crossing Committee, but it would not create any additional grade crossings with the railroad; and, due to the fact that Peck avenue is a right angle crossing, it would admit of favorable conditions for a grade separation when such improvement is justified.

While it is not incumbent on this Commission to direct the county of Los Angeles and the city of El Monte where they shall build their roads, the Commission is called upon in this proceeding to decide whether or not public convenience and necessity require the granting of this application. Applicant, as well as representatives of Los Angeles County, respectively contend that it is the desire of each that Columbia street shall be constructed so as to cross Southern Pacific Company's track at the location proposed herein; that the right of way for this street on either side of the proposed crossing has been procured after years of effort; and that a portion of the right of way for Columbia street east of El Monte has been granted the county, contingent upon the highway being constructed upon the south side of the Pacific Electric Railway Company's right of way to an intersection with Main street in the city of El Monte. Furthermore, it appears that the local interests of the city of El Monte will be best served by the construction of the crossing as requested.

The railroad involved herein is Southern Pacific Company's main line to Yuma, over which twelve passenger trains, six freight trains and several extra trains are normally operated every day. These trains travel at fairly high rates of speed in the vicinity of the proposed crossing. Applicant has suggested that the grade crossing applied for be protected by means of gates to be operated by the

towerman in the interlocking plant. This method of protection appears to be proper at this time if a grade crossing is to be established. The fact that this crossing can be given reasonable protection by means of gates with little additional maintenance expense materially supports the Commission's opinion that this application should be granted, especially in view of the fact that the testimony tends to show that a grade separation at any crossing selected for Columbia street over Southern Pacific Company's tracks in this vicinity can not reasonably be required at this time.

There was no serious objection presented by the Southern Pacific Company to the granting of this application. After due consideration of all the evidence presented, it appears that public convenience and necessity require the granting of this application, and it will be so ordered.

#### ORDER.

The city of El Monte having applied to this Commission for authority to construct Columbia street at grade across Southern Pacific Company's track at the location shown on Exhibit No. 2 attached to the application, a public hearing having been held, the matter having been submitted and now ready for decision;

*It is hereby ordered*, that permission and authority be and it is hereby granted to the board of trustees of the city of El Monte, county of Los Angeles, State of California, to construct Columbia street at grade across Southern Pacific Company's track, as shown in yellow on Exhibit No. 2 attached to the application, said crossing to be constructed subject to the following conditions, namely:

(1) The entire expense of constructing the crossing, including the cost of moving the Southern Pacific-Pacific Electric interlocking tower to the northerly side of the Pacific Electric Railway Company's track shall be borne by applicant. The cost of its maintenance up to lines two (2) feet outside of the outside rails shall be borne by applicant. The maintenance of that portion of the crossing between lines two (2) feet outside of the outside rails shall be borne by Southern Pacific Company.

(2) The crossing shall be constructed of a width not less than twenty-four (24) feet and at an angle of forty-eight (48) degrees to the railroad, and with grades of approach not greater than four (4) per cent; shall be protected by suitable crossing signs, and shall in every way be made safe for the passage thereon of vehicles and other road traffic.

(3) Crossing gates shall be installed for the protection of said crossing at the sole expense of applicant; said gates to be of a type and installed in accordance with plans or data approved by this Commission. The operation of said gates to be under the control of the operator of the interlocking tower adjacent to the said crossing. The mainte-

nance and operating cost of these gates shall be borne by the Southern Pacific Company.

(4) Applicant shall, within thirty (30) days thereafter, notify this Commission, in writing, of the completion of the installation of said crossing.

(5) If said crossing shall not have been installed within one year from the date of this order, the authorization herein granted shall then lapse and become void, unless further time is granted by subsequent order.

(6) The Commission reserves the right to make such further orders relative to the location, construction, operation, maintenance and protection of said crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date thereof.

Dated at San Francisco, California, this thirtieth day of January, 1925.

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DECISION No. 14506.

IN THE MATTER OF THE APPLICATION OF IDYLLWILD, INCORPORATED, A CORPORATION, FOR PERMISSION TO ISSUE BONDS.

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Application No. 10707.

Decided January 30, 1925.

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*Best and Best*, by *Raymond C. Best*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application the Railroad Commission is asked to make an order authorizing Idyllwild, Inc., a corporation, to execute a mortgage or deed of trust and to issue and sell \$150,000 of first mortgage 7½ per cent serial bonds for the purpose of paying indebtedness and of financing the cost of additions and betterments.

The application sets forth that Idyllwild, Inc., is the owner of approximately 850 acres of land situate in township 5 south, range 3 east, San Bernardino base and meridian, riparian to Strawberry Creek in the San Jacinto Mountains, Riverside County, and that it is engaged in the business of buying and selling land, building, leasing and selling houses, and furnishing water to the occupants thereof, operating a hotel and store, and in general doing all things necessary for the management and maintenance of a mountain resort.

It is reported that for a number of years applicant had been furnishing water free of charge, but that in order to provide adequate

service for its rapidly increasing business, it decided to become a public utility and to make reasonable charges for its services. Accordingly, it made application to the Railroad Commission, and by Decision No. 10301, dated April 12, 1922, in Application No. 7382, the Commission declared that public convenience and necessity required the operation of a public utility water system by Idyllwild, Inc., in township 5 south, range 3 east, San Bernardino base and meridian, in the county of Riverside, and authorized and directed the company to file with the Commission a schedule of rates, which was set forth in the decision, such schedule to be effective for water delivered subsequent to April 30, 1922. It now appears that, pursuant to the Commission's decision, the company has been operating its water system as a public utility and has been charging for its services in accordance with the rate schedule authorized by the Commission.

As of November 30, 1924, Idyllwild, Inc., reports its assets and liabilities as follows:

Fixed capital:		Assets.	
Real estate.....			\$126,133 06
Cottages, furnishings.....			104,979 25
Livery equipment.....			1,052 53
Machinery.....			9,592 60
Live stock.....			3,449 82
Electric lines.....			3,222 81
Fencing.....			920 73
Water system.....			29,514 93
Total fixed capital.....			\$278,865 73
Cash.....			2,458 51
Trust deeds, etc., representing amounts due from sale of lots, etc.....			34,897 95
Notes receivable.....			5,498 40
Accounts receivable.....			3,714 29
Materials.....			10,476 35
Prepaid interest.....			1,800 00
Total assets.....			\$337,711 23
		Liabilities.	
Capital stock.....			\$127,000 00
Mortgages.....			30,900 05
Notes payable.....			24,646 99
Accounts payable.....			12,152 18
Reserve for depreciation.....			17,892 35
Surplus.....			125,119 66
Total liabilities.....			\$337,711 23

The company's articles of incorporation show that it has an authorized capital stock of \$200,000, consisting of 2000 shares of the par value of \$100 each and divided equally into common and preferred stock. The preferred stock bears cumulative dividends at the rate of 7 per cent per annum and, after dividends of like amount have been paid on the common stock, participates equally with the common stock in additional dividends. At the option of the company, the preferred

stock is redeemable, on any interest payment date on or after five years from the date of payment of the first dividend declared, at par plus a premium of \$10 for each share.

Of the authorized stock, the company on November 30, 1924, had \$127,000 outstanding, of which amount \$100,000 was common stock and \$27,000 preferred. On the outstanding stock, dividends have been paid as follows:

<i>Date</i>	<i>Rate per cent</i>	<i>Amount of stock</i>	<i>Dividends</i>
November 30, 1921.	25	\$50,000 00	\$12,500 00
September 29, 1922,	10	50,000 00	5,000 00
July 1, 1923,	3.5	124,300 00	4,348 53
December 31, 1923.	3.5	125,000 00	4,375 00
July 1, 1924,	3.5	126,500 00	4,427 50
Total dividends .....			\$30,650 78

Should the present application be granted and the \$150,000 of 7½ per cent bonds be issued, applicant will incur annual fixed interest charges of \$11,250. Financial statements filed with the Commission show that applicant's gross revenues for 1923 amounted to \$178,053.93, and for 1924 to \$162,185.89. The amount available for payment of interest is reported at \$20,074.01 for 1923, and at \$20,364.02 for 1924.

The company at present supplies water to approximately two hundred consumers, as compared with about one hundred fifty a year ago.

Applicant now plans to execute a mortgage or deed of trust covering all its properties, both public utility and nonpublic utility, with certain exceptions, to secure the payment of a total authorized issue of \$150,000 of first mortgage bonds. These bonds are to be dated December 1, 1924, bear interest at the rate of 7½ per cent per annum and mature as follows:

December 1, 1927 .....	\$10,500 00
December 1, 1928 .....	10,500 00
December 1, 1929 .....	21,000 00
December 1, 1930 .....	21,000 00
December 1, 1931 .....	21,000 00
December 1, 1932 .....	21,000 00
December 1, 1933 .....	21,000 00
December 1, 1934 .....	24,000 00
Total .....	\$150,000 00

Upon giving notice the company may, on any interest payment date prior to maturity, redeem or pay all or any number of the bonds of the next ensuing maturity or maturities by payment of the principal and accrued interest and a premium of 5 per cent if redeemed between December 1, 1924, and December 1, 1927, or thereafter a premium of one-half of 1 per cent less for each year of the unexpired term of the bonds. A sinking fund provision is contained in the proposed mortgage or deed of trust, by the terms of which applicant agrees to deposit with the trustee at least 50 per cent of all money received subsequent to

December 1, 1924, from the sale of land. If such deposits do not amount to \$5,000 for each of the years 1925, 1926 and 1927 and to a sum sufficient in any year to retire the bonds maturing in any such year and all fees, disbursements and expenses of the trustee in connection with the trust, the company agrees, on demand of the trustee, to deposit such additional sums as the trustee may deem necessary.

A copy of the proposed mortgage or deed of trust has been filed in this proceeding as Applicant's Exhibit No. 2. The form of the proposed mortgage or deed of trust is satisfactory, except that article IV thereof should be modified so that the company may remit the sinking fund payment to the trustee from the first to the tenth day of each month, instead of being required to remit the same on the first day of each month.

The company plans to sell the entire authorized issue of \$150,000 of bonds at this time. It proposes to use proceeds to pay its outstanding indebtedness, as shown on the foregoing balance sheet, to use \$10,000 to reimburse its treasury on account of expenditures for its public utility properties, to use \$5,000 for additions and betterments to such properties, and to use the remaining proceeds to pay for additions, extensions and improvements to its nonpublic utility properties. The proposed expenditures of \$5,000 consist of approximately 10,000 feet of pipe lines, from three-fourths of an inch to five inches in diameter, which will serve a new subdivision now being opened and which will add about 150 consumers to the water system.

Permission is asked to sell the \$150,000 of  $7\frac{1}{2}$  per cent bonds at not less than 90 per cent of their face value. Although a large portion of applicant's business and properties are of a nonpublic utility nature, the company has accepted the certificate of public convenience and necessity granted by the Commission and is operating as a public utility. We do not think that we are justified in authorizing the issue of bonds on the basis requested by applicant. The order herein will permit the issue and the sale of the bonds at not less than 92 per cent of their face value and accrued interest.

#### ORDER.

Idyllwild, Inc., having applied to the Railroad Commission for an order authorizing the execution of a mortgage or deed of trust and the issue and sale of \$150,000 of bonds, a public hearing having been held before Examiner Williams, and the Railroad Commission being of the opinion that the application should be granted, as provided herein, and that the money, property or labor to be procured or paid for through the issue and sale of such bonds is reasonably required for purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Idyllwild, Inc., be and it is hereby authorized to execute a mortgage or deed of trust substantially in the same form as that filed in this proceeding as Exhibit "2," provided the same be modified as indicated in the foregoing opinion.

*It is hereby further ordered* that Idyllwild, Inc., be and it is hereby authorized to issue and sell on or before August 1, 1925, at not less than ninety-two (92) per cent of face value plus accrued interest, \$150,000 of its first mortgage serial 7½ per cent bonds for the purpose of paying indebtedness, reimbursing its treasury and financing the cost of extensions, additions and improvements, all as referred to in the opinion which precedes this order.

The authority herein granted is subject to the following conditions:

1. The authority herein granted to execute a mortgage or deed of trust is for the purpose of this proceeding only and is granted only in so far as this Commission has jurisdiction under the terms of the Public Utilities Act, and is not intended as an approval of such mortgage or deed of trust as to such other legal requirements to which such mortgage or deed of trust may be subject.

2. Applicant shall keep such record of the issue, sale and delivery of the bonds herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

3. Applicant shall file with the Railroad Commission a certified copy of its mortgage or deed of trust within thirty days after the same has been executed.

4. The authority herein granted will become effective when Idyllwild, Inc., has paid the fee prescribed by section 57 of the Public Utilities Act, which fee is \$150.

Dated at San Francisco, California, this thirtieth day of January, 1925.

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#### DECISION No. 14507.

IN THE MATTER OF THE APPLICATION OF WALTER GOSNEY, DOING BUSINESS UNDER THE FICTITIOUS NAME OF RED BLUFF WESTWOOD STAGE COMPANY, TO SELL AND TRANSFER TO MOUNT LASSEN TRANSIT COMPANY, A CORPORATION, A CERTAIN OPERATIVE RIGHT AND PROPERTY, AND OF THE MOUNT LASSEN TRANSIT COMPANY, A CORPORATION, TO ISSUE STOCK IN PAYMENT THEREFOR AND TO ISSUE AND SELL STOCK TO PURCHASE ADDITIONAL EQUIPMENT.

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Application No. 10764.

Decided January 30, 1925.

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*Harry A. Euclid and James A. Miller, by Harry A. Euclid, for Applicants.*

BY THE COMMISSION.

OPINION.

In the above entitled matter the Railroad Commission is asked to make an order:

First. Authorizing Walter Gosney to sell and transfer a certain operative right and property now used and useful in the conduct of his stage business to Mount Lassen Transit Company, a corporation; and

Second. Authorizing Mount Lassen Transit Company, a corporation, to issue to Walter Gosney in payment therefor its capital stock in such amount as may seem reasonable to the Commission; and

Third. Authorizing Mount Lassen Transit Company, a corporation, to issue and sell at par \$15,000 of its capital stock for the purpose of financing the cost of additional equipment.

The record shows that Walter Gosney is engaged in the business of transporting passengers and freight by auto stages over the Red Bluff-Susanville Highway between Red Bluff, Tehama County, and Westwood, Lassen County, a distance of about eighty-five miles, operating under the firm name and style of Red Bluff-Westwood Stage Company. It appears that recently, due largely to improved road conditions, travel over this route has so increased that, in order to give adequate service, it is necessary to put into service over the route larger and more modern equipment than that now used by Mr. Gosney. Believing that a corporation can more readily obtain the funds needed for this purpose, Mr. Gosney has caused the organization and incorporation of Mount Lassen Transit Company for the purpose of receiving the operative right now owned by him, and the property used in connection with his operations under the right, and of thereafter continuing the business heretofore conducted by him.

The articles of incorporation of Mount Lassen Transit Company show that it was organized on or about February 11, 1924, with an authorized capital stock of \$50,000, divided into 50,000 shares of the par value of \$1 each, all common. By Decision No. 13651, dated June 5, 1924, in Application No. 10062, the Railroad Commission authorized the transfer to the corporation of the operative right to which reference herein is made. Although such transfer has not yet been effected, the authority granted by the Commission in Decision No. 13651 has not expired, nor has it been revoked by any subsequent action of the Commission. For this reason it is unnecessary for the Commission again to authorize the transfer of the operative rights in this proceeding. We will therefore at this time consider only the requests of the corporation to issue stock.

The physical properties, which will be transferred free and clear of all liens and encumbrances, consist of four stages, including two 7-passenger Studebaker automobiles, one 5-passenger Pierce-Arrow



automobile and one 7-passenger Cadillac automobile. It appears that this equipment was purchased for approximately \$3,750 and that certain amounts were expended thereafter for additions and improvements. Mr. Gosney, in this connection, testified that in his opinion \$5,000 represented a fair value of the equipment.

Mr. Gosney testified that he has incurred some expense in establishing and developing the business to a point where, it is now thought, it should be able to earn a fair return. He reports that he commenced operations in 1919, and that he has never taken any money from the business as salary or as return on his investment, although his operations have required his entire time for about seven months every year. In addition it appears that, with the exception of two years, he has not charged the business with any amounts on account of depreciation of the equipment. Taking these factors into consideration, he alleges a loss for the years 1919 to 1923, inclusive, of \$7,963.60. To this there should be added approximately \$2,000 for losses sustained during 1924, making a total of \$9,963.60. It is of record, however, that expenses incurred in rebuilding automobiles have been charged to operating expenses, with the result that the losses appear larger than they would had such expenses been reported as part of the cost of the equipment.

It is of record that there was expended for organization and incorporation expenses for Mount Lassen Transit Company the sum of \$471, which includes an incorporation fee of \$51, corporation tax for 1924 of \$20 and attorney's fees of \$400.

After giving consideration to the evidence in this matter, we believe that Mount Lassen Transit Company should be allowed to issue not exceeding \$9,000 of stock to Mr. Gosney in full payment for the stage equipment and properties which are referred to in this application and in the testimony submitted in support thereof.

It is the intention of the corporation, upon acquiring the business, to purchase two 18-passenger White, Fageol or Pierce-Arrow stages, which will cost about \$15,000. To obtain this amount, permission is requested to issue and sell \$15,000 of stock, it being thought that such stock will be subscribed for at par by the citizens of Westwood. After the new equipment is purchased, the stages now operated will be used to carry passengers when and if required, or will be rebuilt to carry freight and express.

#### ORDER.

Walter Gosney and Mount Lassen Transit Company having made application to the Railroad Commission, as indicated in the foregoing opinion, a public hearing having been held before Examiner Faulkhauser, and the Railroad Commission being of the opinion that the application should be granted as herein provided, and that the money, property or labor to be procured or paid for through the issue of

\$24,000 of stock is reasonably required by Mount Lassen Transit Company;

*It is hereby ordered*, that the Mount Lassen Transit Company be and it is hereby authorized to issue \$9,000 of its common capital stock at par to Walter Gosney in full payment for the equipment and properties to which reference is made in the foregoing opinion, and to issue and sell at not less than par, \$15,000 of its capital stock for the purpose of financing the cost of two new automobile stages.

*It is hereby further ordered*, that Mount Lassen Transit Company shall keep such record of the issue, sale and delivery of the stock herein authorized, and of the disposition of the proceeds as will enable it to file, on or before the twenty-fifth day of each month, a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order.

*It is hereby further ordered*, that the authority herein granted will become effective upon the date hereof, but will extend only to such stock as might be issued, sold and delivered on or before December 31, 1925.

Dated at San Francisco, California, this thirtieth day of January, 1925.

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DECISION No. 14508.

IN THE MATTER OF THE APPLICATION OF LOS ANGELES GAS AND ELECTRIC CORPORATION FOR AN ORDER AUTHORIZING THE ISSUANCE AND SALE OF FIFTY THOUSAND SHARES OF ITS PREFERRED STOCK.

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Application No. 10765.

Decided January 30, 1925.

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*Paul Overton*, for Applicant.

BY THE COMMISSION.

**OPINION.**

In this application Los Angeles Gas and Electric Corporation asks permission to issue and sell, at not less than 90 per cent of par value, 50,000 shares of its 6 per cent cumulative preferred stock of the aggregate par value of \$5,000,000. The company also asks permission to use a portion of the proceeds, not exceeding \$3.50 per share of stock sold, to pay expenses incident to the sale of the stock, and to use the remaining proceeds to finance in part the estimated cost of additions and betterments to its plants and systems during 1925.

Los Angeles Gas and Electric Corporation has an authorized capital stock of \$60,000,000, consisting of 600,000 shares of the par value of \$100 each and divided equally into common and 6 per cent cumulative

preferred stock. Of the common stock, \$12,500,000 was reported outstanding on December 31, 1924. Of the preferred, the Commission has heretofore authorized the issue and sale of \$15,000,000, the status of which, on December 31, 1924, was reported as follows:

Fully paid, certificates issued.....	\$12,903,700 00
Fully paid, certificates unissued.....	181,800 00
Sold under installment contracts.....	1,200,200 00
Unsold .....	714,300 00
Total .....	\$15,000,000 00

In making the present application for permission to issue and sell an additional \$5,000,000 of preferred stock, the company estimates that during 1925 it will be called upon to expend, for permanent additions and betterments to its plants and systems, the sum of \$11,989,512, which amount is made up of the following items:

Gas works, including two one million cubic feet per hour each compressors and one 15 million cubic foot holder, together with auxiliary equipment and buildings.....	\$1,340,005 00
Electric works:	
Alameda street station.....	\$175,800 00
Seal Beach station.....	2,570,000 00
	2,745,800 00
Gas distributing system.....	3,438,610 00
Including 200 miles commercial mains, 34 miles pressure mains, 25,000 gas services, 40,000 gas meters, 35,000 gas regulators, Electric transmission line from Seal Beach station, together with step-down substation.....	1,000,000 00
Electric distributing system, including new office, shop and garage building, together with substations, transformers, 20,000 electric services and 24,800 electric meters.....	2,757,760 00
Miscellaneous .....	62,068 00
Overhead expense .....	644,000 00
Grand total estimated net increase in capital accounts..	\$11,989,512 00

It is reported necessary to make these expenditures in order to maintain the standard of service to which applicant's consumers are entitled and to meet the growing demands of its business. At this time the company plans to finance the above expenditures as follows:

From sale of Series "I" bonds heretofore authorized:	
Total \$6,000,000 at 93.....	\$5,580,000 00
Used for 1924 plant additions, approximately.....	3,380,000 00
	\$2,200,000 00
Estimated receipts during 1925 from sale of preferred stock, including that for which authorization is now being asked, say.....	3,250,000 00
From probable sale of remaining Series "I" bonds not yet authorized by Railroad Commission:	
Total .....	\$6,000,000 00
Less amount reserved for sinking fund purposes....	548,000 00
	5,452,000 00
Balance at 93.....	5,070,360 00
From surplus and depreciation reserve.....	1,469,152 00
Total .....	\$11,989,512 00

The first item of \$2,200,000 represents money on hand obtained from the sale of bonds authorized by Decision No. 14186, dated October 20, 1924, in Application No. 10539. In that decision the Commission authorized the company to issue and sell \$6,000,000 of Series "I" 5½ per cent general and refunding mortgage bonds at not less than 93 per cent of their face value plus accrued interest, and to use approximately \$3,830,000 of the proceeds to pay in part the cost of its estimated 1924 construction expenditures, and approximately \$1,750,000 to pay in part construction expenditures incurred during 1925 on the new electric plant and appurtenances at Seal Beach. It is now reported that the \$6,000,000 of bonds authorized by Decision No. 14186 were sold at 93, a price yielding the company \$5,580,000, and that of this amount \$3,380,000 was expended on account of the 1924 construction expenditures, leaving a balance of proceeds of \$2,200,000 to be used during the present year. Inasmuch as the Commission's order as it now reads permits the company to use only approximately \$1,750,000 of proceeds for the 1925 construction expenditures, it is necessary that such order be modified so as to permit the use of the remaining proceeds of \$2,200,000 for such purpose.

The Commission, by decisions in Applications Nos. 6450, 6583, 7445, 7522, 8324, and 10205, heretofore has authorized the company to issue \$15,000,000 of preferred stock. Of this amount, as stated hereinabove, \$1,200,000 had been sold up to December 31, 1924, but had not yet been fully paid, and \$714,300 had not yet been sold. The item of \$3,250,000 of stock money to be used during 1925 represents the amount of cash it is estimated will be received during the year from the sale of the stock heretofore authorized and the \$5,000,000 of stock herein authorized. As the Commission's orders in the six previous stock applications do not permit the company to use proceeds from the sale of such stock on account of capital expenditures made subsequent to December 31, 1924, we are now asked to modify such orders so as to enable the company to proceed with the plan of financing outlined in this proceeding.

Although the company reports that during the year it proposes to issue and may sell at 93 an additional \$6,000,000 of bonds, a request for such authority has not yet been made of this Commission. Reference herein to this proposal is not to be construed as binding on the Commission to authorize the issue and sale of such bonds at the price now indicated when application to issue and sell the bonds is subsequently filed.

#### ORDER.

Los Angeles Gas and Electric Corporation having applied to the Railroad Commission for permission to issue and sell \$5,000,000 of its 6 per cent cumulative preferred stock, a public hearing having been

held before Examiner Fankhauser, and the Railroad Commission being of the opinion that the money, property or labor to be procured or paid for through such issue and sale is reasonably required by applicant for the purposes specified herein and that the expenditures for such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

*It is hereby ordered*, that Los Angeles Gas and Electric Corporation be and it is hereby authorized to issue and sell, on or before December 31, 1925, at not less than 90 per cent of par value, 50,000 shares of its 6 per cent cumulative preferred stock of the aggregate par value of \$5,000,000 and to use of the proceeds a sum not exceeding \$3.50 per share of stock sold to pay expenses incident to the sale thereof and to use the remaining proceeds, and such portion of the \$3.50 not needed to pay expenses incident to the sale, to finance in part the cost of the additions and extensions to its plants and properties described in Exhibit "C" filed herein, provided that only such expenditures as are properly chargeable to capital account under the uniform system of accounts prescribed by the Railroad Commission be paid through the use of such proceeds.

*It is hereby further ordered*, that Los Angeles Gas and Electric Corporation be and it is hereby authorized to consolidate the proceeds to be received from the sale of \$5,000,000 of stock herein authorized with the proceeds heretofore received, or to be received, from the sale of stock sold pursuant to orders in Applications Nos. 6450, 6583, 7445, 7522, 8324, and 10205, which orders are hereby modified so as to permit the issue, sale and delivery of the stock authorized therein on or before December 31, 1925, and the use of the proceeds received or to be received to pay in part the cost of the additions and extensions to applicant's plants and properties described in Exhibit "C" filed herein; provided, that such orders in other respects shall remain in full force and effect.

*It is hereby further ordered*, that the order in Decision No. 14186, dated October 20, 1924, in Application No. 10539 be and it is hereby modified so as to permit Los Angeles Gas and Electric Corporation to use approximately \$2,200,000 of the proceeds received from the sale of the bonds authorized by said order to finance in part the cost of the additions and extensions to applicant's plants and properties described in Exhibit "C" filed herein; provided, that in all other respects the order in Decision No. 14186 shall remain in full force and effect.

*It is hereby further ordered*, that Los Angeles Gas and Electric Corporation shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file on or before the twenty-fifth day of each month

a verified report, as required by the Railroad Commission's General Order No. 24, which order, in so far as applicable, is made a part of this order; and shall also file with the Commission during 1925, monthly statements of its construction expenditures.

*It is hereby further ordered*, that the authority herein granted shall become effective upon the date hereof.

Dated at San Francisco, California, this thirtieth day of January, 1925.

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DECISION No. 14509.

IN THE MATTER OF THE APPLICATION OF HOWARD TERMINAL RAILWAY, A CORPORATION, FOR AN ORDER AUTHORIZING THE DISCONTINUANCE OF SERVICE.

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Application No. 10670.

Decided January 30, 1925.

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*McCutcheon, Olney, Mannon and Greene*, by *Allen P. Mathew*, for Applicant.  
*E. W. Hollingsworth and Bishop and Bahler*, for Traffic Bureau, Oakland Chamber of Commerce, Protestant.

BY THE COMMISSION.

OPINION.

Howard Terminal Railway, a corporation, has petitioned the Railroad Commission for an order authorizing the discontinuance of switching service as heretofore performed over certain trackage belonging to the city of Oakland and located adjacent to the railroad line of applicant.

A public hearing on this application was conducted by Examiner Handford at San Francisco, the matter was duly submitted and is now ready for decision.

Applicant alleges that on July 1, 1924, at the request of the Commissioner of Public Works of the city of Oakland, switching service was begun over the following trackage owned by the city of Oakland:

That certain railroad trackage, upon and adjacent to the Quay Wall of Oakland, Inner Harbor, county of Alameda, State of California, consisting of the following:

1. Trackage upon the Quay Wall of Oakland Inner Harbor, commencing with the tracks of the Southern Pacific Company on First street in the city of Oakland, at a point 105 feet, more or less, westerly from the west line of Broadway, and extending thence in a general westerly direction, along said Quay Wall, to a connection with the tracks of Howard Terminal Railway, at a point on said Quay Wall opposite the westerly line of Market street extended.

2. A spur track, designated as "Clay Street Wharf Spur," connected with said trackage first above described at a point near and immediately southerly from the plant of Strable Hardwood Company, and extending thence in a southwesterly direction to and upon the Clay Street Wharf of the city of Oakland.

3. Two spur tracks, designated as "Market Street Municipal Pier Spurs," one of which is connected with said trackage first above described at a point near the intersection of Grove street with the Quay Wall, and extends from said connection in a southwesterly direction to and upon the Market Street Municipal Pier of the city of Oakland, and the other of which is connected with said trackage first above

described, at a point upon said Quay Wall opposite said Market Street Municipal Pier, and extends from said connection in a southwesterly direction to and upon said Market Street Municipal Pier.

All the foregoing trackage is more definitely shown in red color on a blue print map entitled "Inner Harbor," as approved by the harbor engineer of the city of Oakland, as filed herein as a part of the application in this proceeding.

It appears from the record herein that applicant, on July 1, 1924, began switching service to the above described trackage, which is the property of the city of Oakland, service over such trackage having formerly been rendered by the Southern Pacific Company. On October 31, 1924, applicant discontinued service by verbal arrangement with the Commissioner of Public Works of the city of Oakland, and the Southern Pacific Company immediately resumed its switching service to the above described tracks and is continuing to care for such switching at the present time.

The switching service performed by the applicant produced a revenue of \$1,281 during the period of its operation, such amount covering the movement of 840 cars. Applicant kept no record as to the expense of operation as regards the specific movement over the trackage for which its service is herein sought to be discontinued, but has presented statements as exhibits herein which compare the expense for the period in which operation was given over the Oakland municipal tracks with the average for a six months' period prior to the commencement of such operation. From these exhibits the net loss to applicant arising from the operation of this trackage for the four months' period ending October 31, 1924, is estimated at \$987.43. The figures as presented in the exhibit are prepared on an approximate and comparative basis, but appear the best data available without an extensive audit of the accounts of applicant, the expense of which would serve no useful purpose, as an approximation of the expense would be necessary to arrive at the loss, which, from the data herein presented, has been reasonably established.

The granting of the application is protested by the Traffic Bureau of the Oakland Chamber of Commerce. The basis of the protest is not due to the unauthorized abandonment of service by the applicant, the actual service having been taken over and now being performed, as formerly, by the Southern Pacific Company. The objection of this protestant runs to the fact that applicant, by the filing of tariffs covering the switching service it has elected to perform as a public utility, and by the inclusion therein of the trackage for which it now desires to be relieved from operating, has created a discriminatory condition against certain industries in Oakland in that extra switching costs are required on carload movements to and from the Howard terminal, the Clay

street and the Market Street municipal wharves. There appears merit in this protest in so far as excess switching charges have been imposed on industries and others who have used the terminal facilities since the applicant discontinued its service without securing the requisite permission from this Commission.

Applicant herein undertook to perform additional service over the tracks of the city of Oakland, such service automatically coming under the provisions of tariffs lawfully filed with this Commission. After four months' operation, all at a substantial loss, applicant discontinued service without the necessary authorization therefor by this Commission, although with consent of the Commissioner of Public Works of the city of Oakland, such municipality owning the trackage over which switching service was rendered by applicant. The matter of adjustment with shippers and consignees of excess amounts required to be paid for service by reason of the changed conditions and during the period between the unauthorized suspension of service by the applicant and the receiving of authority therefor from this Commission is not at issue in this proceeding, but should be made the basis of an application by applicant to amend its tariff provisions or the subject of complaint by interested shippers or consignees.

After full consideration of all the evidence herein we are of the opinion and hereby find as a fact that the operation of the trackage as hereinabove described by the applicant as a portion of the switching service rendered in the city of Oakland under its tariff provisions is not required by the public convenience and necessity, such switching service now being performed by the Southern Pacific Company, and the record herein is conclusive that the operation, suspension of which is herein requested, has been conducted at a material loss.

#### ORDER.

A public hearing having been held in the above entitled proceeding, the matter having been duly submitted, the Commission being now fully advised, and basing its order on the findings of fact as appearing in the opinion which precedes this order;

*It is hereby ordered*, that applicant, Howard Terminal Railway, a corporation, be and it hereby is authorized to discontinue switching service and operation over the trackage in the city of Oakland as hereinabove fully specified in the foregoing opinion.

Dated at San Francisco, California, this thirtieth day of January, 1925.





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MISCELLANEOUS AND SUPPLEMENTAL ORDERS.

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AUTO STAGE APPLICATIONS.

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DISMISSALS.

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GRADE CROSSINGS.

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TABLE A—DISMISSALS (Cases).

Dec. No.	Case No.	Litigants	Date
13730	2010	Mrs. E. A. Coleman vs. Pacific Telephone and Telegraph Company	June 20, 1924
13774	2002	Union Oil Company of California vs. Port Costa Water Company	July 2, 1924
13774	1934	P. S. McNutt, Ludwig Gossman et al. vs. Sycamore Canyon Water Company	Aug. 4, 1924
13873	1967	Bay Cities Transportation Company vs. Transbay Freight Lines, Incorporated	Aug. 4, 1924
13875	1971	Bay Cities Transportation Company vs. Transbay Freight Lines, Incorporated et al.	Aug. 4, 1924
13931	2005	H. J. Cuger and C. V. Simpson vs. Sherman Water Company	Aug. 19, 1924
13959	2009	City of Los Angeles vs. Pacific Electric Railway Company	Aug. 23, 1924
13976	1996	Fred L. Steele vs. Sherman Water Company	Aug. 27, 1924
13977	2014	J. H. Willey and Fred L. Steele vs. Sherman Water Company	Aug. 27, 1924
14014	1970	J. D. Weast vs. George W. Vickroy and Walter E. Betts	Sept. 5, 1924
14015	2031	Ebel Virgil vs. Southern California Telephone Company	Sept. 5, 1924
14045	1593	Board of Supervisors of Imperial County vs. Southern Pacific Company	Sept. 11, 1924
14046	1999	Coast Truck Line vs. Boulevard Express	Sept. 12, 1924
14071	1734	Wilson and Company of California vs. The Atchison, Topeka and Santa Fe Railway Company et al.	Sept. 16, 1924
14072	1882	The Cudahy Packing Company vs. The Atchison, Topeka and Santa Fe Railway Company	Sept. 16, 1924
14077	2017	Frank P. Guiton vs. Oceano Beach Water Company	Sept. 17, 1924
14251	1771	City of Piedmont vs. San Francisco-Oakland Terminal Railways and Key System Transit Company	Nov. 10, 1924
14256	2056	J. Francis Potter vs. Southern California Telephone Company	Nov. 12, 1924
14327	1943	Ocean Park Heights Land and Water Company vs. Suburban Mutual Water Company	Nov. 25, 1924
14327	2062	E. M. Baker vs. Southern Pacific Railroad Company	Dec. 2, 1924
14368	1993	Roe H. Kahl, Hattie F. Kahl, Henry W. Fry, Ida Wicks, J. J. Underwood et al. vs. Redondo Water Company	Dec. 16, 1924
14381	2048	Quinto Ranch Company vs. Southern Pacific Company	Dec. 18, 1924
14395	1908	City of Alameda vs. Southern Pacific Company and San Francisco-Oakland Terminal Railways	Dec. 23, 1924
14397	1957	Maravilla Park Improvement Association vs. J. D. Millar Realty Company	Dec. 23, 1924
14451	1978	The White Lines vs. W. B. Courts	Jan. 9, 1925
14463	2081	Berkeley Central Improvement Club, Longfellow Community Association et al., vs. Southern Pacific Company	Jan. 16, 1925

TABLE B—DISMISSALS (Applications).

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
13656	8600	South Kings River Ditch Company	For certificate to sell water and issue stock to finance the operations of the company	June 5, 1924
13684	9164	United Stages, Incorporated	To operate all its existing auto stage service as a unit system	June 11, 1924
13717	9021	Southern Pacific Company	To construct spur track crossing Alameda Street near Twenty-first Street, Los Angeles—Decision No. 12167, rescinded	June 16, 1924
13729	10069	California Transit Company, Valley Transit Company et al.	To publish and file joint passenger tariff showing fares	June 20, 1924
13773	9548	Long Beach-Huntington Park Stage Company	To sell capital stock, and to operate auto stage line between Long Beach and Huntington Park	July 2, 1924
13804	6015	San Francisco-Oakland Terminal Railways	To adjust passenger fares	July 15, 1924
13805	10228	Richmond and San Rafael Ferry and Transportation Company	For certificate to operate vessels for transportation of persons and property on inland waters of California	July 15, 1924
13806	8530	Pacific Electric Railway Company	To deviate from certain provisions of General Order No. 64	July 15, 1924
13807	6011	San Francisco-Oakland Terminal Railways	To readjust passenger fares	July 15, 1924
13833	9801	Lewis A. Monroe, agent, for Pickwick Stages System et al.	To establish new local and joint passenger and express tariff	July 21, 1924
13834	9866	Willard B. Snyder	For certificate to operate motor bus service—Los Angeles and Hynes	July 21, 1924
13854	9733	Consolidated Irrigation District	To increase rate for water for irrigation purposes	July 28, 1924
13904	10331	Palm Valley Water Company	To authorize rate for irrigation overflow	July 28, 1924
13922	8821	County of Tulare	To construct grade crossing near Town of Pixley	Aug. 8, 1924
13938	10183	Los Angeles and Salt Lake Railroad Company	Grade crossing, to construct, across Avenue Sixty-one, between Echo Street and Pasadena Avenue, Los Angeles	Aug. 12, 1924
13948	10378	James F. Malony and George R. Gilson (San Jose, Big Basin and Santa Cruz Stage Line)	To borrow money to mortgage property	Aug. 20, 1924
13949	10379	James F. Malony and George H. Gilson	To borrow money to mortgage property	Aug. 20, 1924
13957	9669	California Highway Commission	To construct State Highway crossing at Hobart Mills Railroad, near Truckee, Nevada County	Aug. 23, 1924
13958	10348	Farmers Transportation Company	To operate the "Fred Ball No. 4" for transportation of property upon inland waters of California	Aug. 23, 1924
13974	10078	H. E. Filippini and Edward Aulin (Santa Maria and Guadalupe Freight and Express Line)	To operate freight, express and baggage service between Guadalupe and Santa Maria	Aug. 27, 1924
13975	10383	Postal Telegraph-Cable Company	To open telegraph office at Ludlow	Aug. 27, 1924
14013	10045	Northwestern Pacific Railroad Company	To construct grade crossing between San Anselmo and Manor, Marin County	Sept. 5, 1924
14016	10396	The Western Pacific Railroad Company	To construct grade crossing in San Joaquin County	Sept. 5, 1924
14033	10121	Mrs. F. A. Fitzpatrick	To abandon public utility water system	Sept. 8, 1924
14076	10165	Frank F. Guiton	For certificate to operate water system in Oceano Beach, San Luis Obispo County	Sept. 17, 1924
14079	10283	Motor Transit Company	To divide portion of stage service between Los Angeles and Uplands	Sept. 20, 1924
14081	10407	City of South San Francisco	For through street car service to Fifth and Market Streets, San Francisco	Sept. 20, 1924
14139	10419	Motor Transit Company and A. B. Watson (Crown Stages)	Former to lease to latter auto stage line—San Pedro and Santa Ana	Oct. 4, 1924
14162	10042	Consolidated Water and Development Company	To segregate and sell certain real property	Oct. 9, 1924

14177	8196	Turlock Irrigation District and Pacific Gas and Electric Company.....	For Commission to fix just compensation to be paid by former to latter for electrical distributing system.....	Oct. 16, 1924
14183	7004	The Western Pacific Railroad Company.....	To abandon agency station at Omira.....	Oct. 18, 1924
14192	10477	Lewis A. Monroe, agent, Morgan's Auto Express and Freight Line.....	To renew notes.....	Oct. 23, 1924
14203	10494	Pierce Arrow Stage.....	To adapt line of class rates and Monroe's "Ship-by-Truck" freight classification to operate passenger and express service—Tallac and Tahoe City and intermediate points.....	Oct. 25, 1924
14225	9601			
14235	10443	J. J. Becker.....	To have franchise boundary line of The Pacific Telephone and Telegraph Company and Kern Telephone Company changed.....	Oct. 29, 1924
14250	10137	Southern Pacific Company.....	To close agency station at Mills, county of Sacramento.....	Nov. 3, 1924
14251	10351	W. F. Willet.....	To operate an auto stage line—Fresno and San Francisco.....	Nov. 8, 1924
14282	10416	California Transit Company and Valley Transit Company.....	To operate an auto stage line—Fresno and San Francisco.....	Nov. 21, 1924
14283	10367	R. W. Hubbard and E. E. Weber.....	To operate auto truck freight service—Los Angeles and San Luis Obispo.....	Nov. 21, 1924
14304	10461	County of Lassen.....	To cross Southern Pacific right of way and tracks near Susanville.....	Nov. 21, 1924
14352	10013	A. Nelson.....	To continue a note.....	Nov. 28, 1924
14396	10254	Rudolph A. and August V. Baglioni.....	To operate auto freight and express line—Guadalupe to Lompoc and return.....	Dec. 10, 1924
14433	10511	Lewis A. Monroe, agent for A. J. Richardson.....	To eliminate Rule 2, Section I, of Local Freight Tariff C. R. C. No. 5, covering collection of money on C. O. D. shipments.....	Dec. 23, 1924
14454	9586	Northern Trinity Telephone and Telegraph Company.....	To continue present service over The Pacific Telephone and Telegraph Company's line at French Gulch.....	Jan. 5, 1925
14462	10234	Consolidated Water and Development Company.....	To increase rates of Athens-on-the-Hill water plant, known as Howard Park Company.....	Jan. 12, 1925
14473	10715	J. K. Vanderhurst.....	To establish joint class rates, San Jose and King City, in connection with Highway Transport Company.....	Jan. 16, 1925
14474	10730	Los Angeles Railway Corporation.....	To operate bus service on South Park Avenue, Los Angeles County.....	Jan. 23, 1925
14499	10563	E. B. Brown.....	To operate freight service between Needles, California, and Las Vegas, Nevada.....	Jan. 27, 1925



TABLE C—AUTO STAGE APPLICATIONS.

Dec. No.	App. No.	Applicant	Nature of proceedings	Action	Date
13628	9664	A. W. Purdy	To operate personal messenger auto service—Los Angeles, La Habra, Brea and Fullerton.	Denied	May 31, 1924
13639	9424	Walker J. Gehres	To operate freight and baggage service—Coachella and Los Angeles and Harbor points.	Granted	June 3, 1924
13640	9578	Motor Transit Company	To re-route portion of auto stage service—Los Angeles and Taft.	Granted	June 3, 1924
13649	10117	Addison H. Elliot	To operate passenger, freight, express and baggage service—Hollister and Genega.	Granted	June 3, 1924
13651	10062	Walter Gosney and Mt. Lassen Transit Company	Former to sell and transfer to latter, stage permit and franchise—Red Bluff and Westwood.	Granted	June 5, 1924
13664	9313	S. F. B. Morse	To operate auto passenger bus service—Pacific Grove, Monterey and Del Monte, and Los Banos and Merced.	Granted	June 9, 1924
13665	10029	Ray Rapid Transit Company	To change time schedule, increase its fares and change its equipment.	Granted	June 9, 1924
13666	10044	Oakland-San Jose Transportation Company	Former to sell to latter auto stage lines between Santa Ana and Laguna Beach and Santa Ana and Orange County Park.	Granted	June 9, 1924
13669	10161	J. C. Best and A. B. Watson	Former to sell to latter auto passenger and freight line—Westwood and Doyle and State Line, California.	Granted	June 10, 1924
13677	9933	Geo. A. Scott and S. C. Cassidy		Granted	June 11, 1924
13679	10077	E. H. Shull (Pacific Highway Express) and Alex. C. Peyer	Former to sell to latter an auto freight line—Los Angeles and San Francisco	Granted	June 11, 1924
13681	10141	Redding-Weaverville Stage Company	To operate freight service—Redding, Lewiston, Dredge Camp, Weaver-ville and intermediate points.	Granted	June 11, 1924
	9107	Yosemite National Park Company	To operate passenger and hand baggage service—Fresno and Yosemite National Park, near Mariposa Grove of Big Trees, via Wishon and be-tween Wishon and Yosemite National Park boundary.	Granted	June 11, 1924
13686	9211	Madera Yosemite Big Tree Auto Company	To operate auto stage line—Wishon Station and Miami Lodge.	Denied	June 11, 1924
13688	10122	Original Stage Lines, Inc.	To operate express and baggage service—Los Angeles and San Fernando.	Granted	June 11, 1924
13689	9219	Laguna Beach Shortline Automobile Stage Company	To operate passenger, freight, express and baggage service—Balboa and Serra.	Granted	June 12, 1924
13691	9564	Harold Frasher	To change route and reduce tariffs as to certain commodities—Fresno-San Joaquin auto freight truck line.	Granted	June 12, 1924
13692	9849	Valley Transit Company and Joseph Miller	To exchange certain auto stage operative rights—Visalia and Dinuba.	Granted	June 12, 1924
13693	9850	Virgil N. Sams	To operate passenger, express and baggage service—Holtville, California, and Yuma Bridge, Arizona.	Denied	June 12, 1924
13695	10164	A. B. Bland and Virgil N. Sams	To sell to United Stages, Inc., operative rights between El Centro and Yuma Bridge, California.	Granted	June 12, 1924
13698	9799	The International Stage Company	To operate passenger service—San Diego, California, and the Republic of Mexico.	Denied	June 13, 1924
13700	10082	Associated Transit Company	To operate auto freight truck service—Los Angeles and certain points in southern California.	Granted	June 13, 1924
13701	9770	S. H. and C. A. Thomas	To operate freight service—Los Angeles and East San Pedro—Terminal Island and East San Pedro—Terminal Island and San Pedro and Wil-mington (Preliminary Order).	Granted	June 13, 1924
13709	9927	Charles H. Tomlin	To operate passenger bus service—Richmond and Oakland.	Denied	June 16, 1924

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13711	10081	Associated Transit Company.	To operate auto freight truck service—Los Angeles and certain points in southern California.	Granted	June 16, 1924
13751	10215	Pickwick Stages, Northern Division, Inc.	To publish inter-division fares—Bakersfield-Taft-Paso Robles Division: Santa Barbara to San Francisco, inclusive.	Granted	July 1, 1924
13752	10216	Lewis A. Monroe (Joint Agent) Coast Truck Line, Bakersfield-Los Angeles East Freight et al.	To establish joint class rates between points served by Coast Truck Line and points served by other lines named.	Granted	July 1, 1924
13766	10207	J. C. Best and H. V. Iredell.	Former to sell to latter auto stage line—Santa Ana, San Juan Capistrano, Serra, and intermediate points.	Granted	July 1, 1924
13767	10229	Robert H. Logan and Vernon G. Smith.	Former to sell to latter auto stage and freight line—Big Pine to Zurich.	Granted	July 1, 1924
13768	10231	W. T. Murray and H. N. Lein.	Former to sell to latter one-half interest in auto truck line—Los Angeles and Blythe. Authority granted in Decision 11477.	Granted	July 1, 1924
13770	9589	A. B. Bland.	To operate passenger auto stage between Alamo Store, Bond's Corner, Calexico and intermediate points.	Denied	July 2, 1924
13771	9747	Frank C. Lloyd and Chas. Conner.	To operate passenger, express, baggage and package service between Los Angeles and a point on state line near Blythe known as Calazona Ferry, in connection with through stage to El Paso, Texas.	Denied	July 2, 1924
13782	10209	C. W. Ganow.	To operate motor vehicle passenger, baggage and freight service—Georgetown and Pico.	Granted	July 7, 1924
13783	10220	E. B. Brown.	To operate passenger and express service—Needles and State Line of California.	Granted	July 7, 1924
13809	9959	Valley Transportation Company.	To operate freight and express service—San Francisco-Oakland and Los Banos-Turlock.	Denied	July 18, 1924
13835	9979	C. H. Warrington.	To operate live stock transportation—Los Angeles Union Stock Yards, Globe Mills Feed Yard, Los Angeles County, and Vernon Packing House District and packing houses in city of Los Angeles, and at Signal Hill.	Granted	July 23, 1924
13838	10196	D. B. Maurice.	To operate passenger service—Redondo Beach, Hermosa Beach and Manhattan Beach.	Granted	July 23, 1924
13839	10274	United Stages, Inc.	To establish one way inter-division fare between Calexico and Holtville via El Centro.	Granted	July 23, 1924
13855	9563	F. M. Hodge, L. E. Mershon and H. A. Rose.	To extend present motor freight service into Riverdale via Goshen from or to Los Angeles and intermediate points.	Granted	July 23, 1924
13853	10261	Emory E. Gilman.	To operate auto bus service—Kenfield-San Anselmo, etc.	Denied	July 28, 1924
13855	10280	W. D. Alexander (Carson-Tahoe Transportation Company).	To sell and transfer operative rights to A. L. Richardson.	Granted	Aug. 5, 1924
13856	10281	Charles Kuppinger.	To operate auto freight line—Upper Lake and Sailors Pear Shed; Upper Lake and Clear Lake Beach Tract, etc.	Granted	Aug. 5, 1924
13857	10338	H. A. Gorham and Harry Harper.	Former to sell to latter auto passenger and package line—Santa Maria and Guadalupe, California.	Granted	Aug. 5, 1924
13858	10339	E. M. Huston and Beverly Gibson.	Former to sell to latter operative right for transportation of passengers and express—Walnut Grove and Stockton.	Granted	Aug. 5, 1924
13859	10350	Thos. E. Cheney and Harry Gee.	Former to lease to latter for one year auto freight and passenger line—Santa Monica, Topanga and Los Flores Canyon.	Granted	Aug. 5, 1924
13898	10336	Lewis A. Monroe, Agent, for Service Motor Express, Fletcher and Tremble et al.	To establish through joint class rates—Los Angeles and Verdemon and Victorville and intermediate points.	Granted	Aug. 8, 1924
13928	10298	California Transit Company and William O. and Henry J. Colberg.	Former to sell to Colbergs franchise to operate auto stage line—Stockton and Byron and intermediate points.	Granted	Aug. 19, 1924



TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Action	Date
13940	10369	James H. Little and C. H. King.	Former to purchase from latter a one-third interest in freight and express line—Glendale and Los Angeles.	Granted	Aug. 20, 1924
13941	10370	H. E. Schuricht and F. E. Ruweler.	For approval of agreement to lease to J. B. and O. B. Griffiths operative right for auto freight service—Los Angeles, Alhambra, San Gabriel and intermediate points.	Granted	Aug. 20, 1924
13951	10377	W. W. Monk and H. J. Elkins.	To sell and transfer to Louis Klein, J. F. Malony and George H. Gilson operative rights in auto passenger line—San Jose, Campbell and Los Gatos.	Granted	Aug. 23, 1924
13961	10040	West Coast Transit Company.	To operate auto passenger stage service—Headshurg and San Francisco.	Granted	Aug. 25, 1924
13964	9905	Pietro Ricomini and Ricardo Tunzi.	To operate truck service—San Francisco and Salinas, Gonzales, Soledad and King City.	Denied	Aug. 27, 1924
13966	9748	Buffo and Coniglio.	To operate passenger service—Pittsburg and vicinity.	Granted	Aug. 27, 1924
13967	9766	Dennis Pettus.	To operate passenger service—Pittsburg and vicinity.	Granted	Aug. 27, 1924
13968	9953	Kern County Transportation Company.	To operate passenger stage service—Bakersfield and Bishop.	Denied	Aug. 27, 1924
13971	10053	Harry S. Payne (Pacific Motor Express).	To extend present operative rights between Los Angeles and Temecula and intermediate points.	Granted	Aug. 27, 1924
13978	9813	Lilburn P. Prather (Prather Motor Transport Company).	To operate passenger service—Calistoga and Vallecito.	Denied	Aug. 27, 1924
13981	10230	W. R. Webb.	To operate auto bus line—terminus of Stephenson Avenue car line just west of Pasadena Avenue at junction with Whittier Boulevard and new town site of Bandini.	Granted	Aug. 27, 1924
13983	10206	W. B. Watson (Crown Stages).	To operate express service between Riverside, Corona, Santa Ana and intermediate points.	Granted	Aug. 29, 1924
13993	10400	Hansons Transportation Company.	To operate stage line—Cedarville and the California-Nevada State Line, on the Cedarville-Cerlach road.	Granted	Aug. 30, 1924
13994	10413	O. I. Higdon and J. O. Bray.	Former to sell to latter auto truck line—Fresno and Lanare.	Granted	Aug. 30, 1924
14004	9705	A. Dunham.	To operate stage line—Sacramento and Jackson and intermediate points, via Elk Grove, Stockton Junction, Clay and Ione.	Granted	Aug. 30, 1924
14006	10405	Lewis A. Monroe, as Joint Agent for Big Bear Air Line and Motor Transit Company.	To file joint rates between Los Angeles and Big Bear Lake.	Granted	Sept. 5, 1924
14008	10401	W. H. Neher and Joseph K. Hawkins.	Former to sell to latter auto passenger line between Pomona and San Dimas.	Granted	Sept. 5, 1924
14010	10445	C. M. Blabon and J. R. Cleaveland.	To lease and sell to Pickwick Stages, Northern Division, operative rights between Fresno and Santa Cruz and between Los Banos and Gilroy and intermediate points.	Granted	Sept. 5, 1924
14011	10446	E. J. Thompson and Pickwick Stages, Northern Division.	Former to lease and sell to latter auto passenger line between Fresno and Calwa, Fresno and Kerman and Fresno and San Joaquin and intermediate points.	Granted	Sept. 5, 1924
14017	10211	H. P. Skov (Skov Truck Line) and Raymond J. Hearne.	Former to sell to latter auto truck line between Pismo Beach and San Luis Obispo.	Granted	Sept. 6, 1924
14025	10402	Edward A. Murdoch and Guy Ames.	Former to sell to latter auto stage line between Bakersfield and Posey and intermediate points.	Granted	Sept. 8, 1924

14031	10449	A. W. Schmidt and F. L. Warren	To sell to A. W. Schmidt and H. Nicholson an auto passenger and freight line between Livermore and Arroyo Sanitarium	Granted	Sept. 8, 1924
14040	10000	Turner Lillie	To operate auto passenger line—Angels Camp and Dorrington as extension of present service	Denied	Sept. 10, 1924
14066	10328	Scott Rutherford and C. E. McMahon	To operate motor truck line—Hopland and Big Valley and Scott's Valley	Granted	Sept. 16, 1924
14067	10376	Fred Ludokin (Martinez-San Francisco Express Company)	To discontinue portion of operative right between San Francisco and Oakland and Crockett, Port Costa and Martinez; and establish local class rates, Oakland and Crockett, etc	Granted	Sept. 16, 1924
14082	10176	E. T. Stoddard and L. F. Thompson	Former to sell to latter auto passenger line—Fort Bragg and Union Landing, Mendocino County	Granted	Sept. 20, 1924
14083	10179	Earl L. White and W. MacEwan	Former to operate auto stage service—Santa Barbara and Long Beach, branching off at Grand and extending service along the Coast through Santa Monica to San Pedro and Long Beach	Granted	Sept. 20, 1924
14095	9963	Pickwick Stages, Northern Division	To enlarge its service—Modifying Decision No. 11013	Granted	Sept. 27, 1924
14103	10008	Donovan Transportation Company	To operate freight service—Anaheim and Los Angeles Harbor	Denied	Sept. 27, 1924
14104	10021	Abraham Truck and Transfer Company	Former to sell to latter auto passenger and express line—Gilroy and Gilroy Hot Springs	Denied	Sept. 27, 1924
14105	10142	John Shison	Former to transfer to latter auto transportation service—Irvine and Laguna Beach	Granted	Sept. 27, 1924
14110	10482	E. D. Soward and C. E. Ducret	To operate auto freight service—Corona, San Pedro and Wilmington	Granted	Oct. 1, 1924
14111	10490	Carl E. Hofer and A. B. Watson	To operate auto freight service—Redding and Patville and intermediate points	Granted	Oct. 1, 1924
14112	9906	B. N. Tucker	To operate auto freight service—Redding, Shasta County, and end of road on Coffee Creek, Trinity County	Granted	Oct. 1, 1924
14113	9961	Arthur H. Garrison	To operate auto passenger and freight service—Scott Bar, Fort Jones and Yreka	Granted	Oct. 1, 1924
14114	9962	A. G. Newcomer	To operate auto passenger and parcel service—Fullerton and Placentia	Granted	Oct. 4, 1924
14115	9971	Maitland O. Payne	Former to sell to latter auto freight line—Cabazon, Banning and Los Angeles	Granted	Oct. 4, 1924
14132	10179	Cory G. Hoff	Former to sell to latter auto passenger-freight line—Crescent City and Adams Point	Granted	Oct. 4, 1924
14133	10164	Walter J. Gehres and Stacey's Transfer and Storage Company	To extend present operations to include Watsonville and Castroville via Chittenden Pass, connecting with present route at Salinas	Denied	Oct. 7, 1924
14135	10489	McVay and Heller and Coast Auto Lines	To operate over alternative routes between Buttonwillow and Greenfield, and between Fall, Maricopa and California State Highway	Granted	Oct. 7, 1924
14142	9198	F. Hennessey and M. Brodel (Service Motor Transportation Company)	To operate auto freight service—Dunsinuir and Yreka	Denied	Oct. 7, 1924
14143	9891	Los Angeles and West Side Transportation Company	To operate auto freight service—Barle, Siskiyou County, and MacArthur, Shasta County, via Glenburn and Fall River Mills	Granted	Oct. 7, 1924
14144	10210	Ralph R. Elkins	To operate auto stages—Los Gatos and Campbell as extension of present operations	Granted	Oct. 7, 1924
14145	10236	J. A. Rogers	Investigation into methods, charges and service of (rehearing)	Denied	Oct. 9, 1924
14148	10501	Louis Klein, J. F. Malony and George H. Gilson			
14161	C2027	Railroad Commission vs. Allan A. Hardie (Beverly Hills-Sherman Transfer Company)			

TABLE C—AUTO STAGE APPLICATIONS—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Action	Date
14164	10460	Al. Askin Stage Company	To operate auto passenger and express service—Visalia and Lemon Cove and intermediate points	Granted	Oct. 10, 1924
14168	10473	Sequoia National Park Stage Company	To operate auto passenger and express service—Lemon Cove and Visalia	Granted	Oct. 10, 1924
14171	10485	Pasadena Transfer and Storage Company	To sell and Frank Pickard (Sierra Van and Storage Company) to purchase auto freight line—Los Angeles and Pasadena	Granted	Oct. 10, 1924
14173	10536	Bakersfield and Los Angeles Fast Freight Company	To operate auto trucks for transportation of cotton from cotton gins to Arvin, Weed Patch, Magunden, Shafter and Wasco to Bakersfield and Los Angeles	Granted	Oct. 11, 1924
14179	10502	Dan Wise	To operate passenger (school children) service—Novato and San Rafael	Granted	Oct. 11, 1924
14196	10555	H. B. Webster and Nelson L. Hawks	To operate auto express service—Solving to Los Olivos and from Los Olivos to Gaviota and intermediate points, and passenger service from Gaviota Station to Los Olivos	Granted	Oct. 16, 1924
14199	10551	Frank Roberson and Pickwick Stages, Northern Division	To sell and P. E. Tibbets, to purchase, auto freight truck line—Los Angeles, Newport Beach and intermediate points	Granted	Oct. 23, 1924
14207	10558	Oliver A. Cooper and Joshua S. Madden	Former to lease and sell to latter certain auto lines—Fresno and Coalinga and intermediate points via Lemoore	Granted	Oct. 23, 1924
14214	10310	James T. Hawkins	Former to sell to latter auto passenger and freight line—Fort Seward and Blocksburg, Humboldt County	Granted	Oct. 27, 1924
14223	10448	Stimson Transit Company	To operate an auto freight, passenger, express and baggage service—Nipton, San Bernardino County, and Nevada State Line on Nipton-Searchlight Route	Granted	Oct. 28, 1924
14224	10562	James McIver, Jr.	To operate auto passenger, freight, express and baggage service—Truckee and Tahoe City	Granted	Oct. 29, 1924
14229	10585	Wheeler's Hot Springs Stage Line	To operate auto passenger and express service—Los Angeles, Wheeler's Hot Springs and intermediate points (Preliminary Order)	Granted	Oct. 31, 1924
14242	10565	E. E. McPherson	To operate freight service—Scotts Valley, Big Valley and Upper Lake, and Ukiah and Hopland	Granted	Nov. 6, 1924
14243	9914	J. H. Lord	To operate between Glendora and Monrovia, Glendora and Duarte, and Glendora and Azusa, as extension of present service between Pasadena and Pomona	Granted	Nov. 8, 1924
14253	9749	Shaasta Transit Company	To operate auto passenger service—Davis and Woodland; to carry express, etc.	Granted	Nov. 12, 1924
14284	10607	Thomas E. Cheney and Francis Brunner	Former to sell to latter auto passenger and freight line Santa Monica and Las Flores and Topanga	Granted	Nov. 21, 1924
14286	10594	J. J. Ratto and A. Dunham	Former to sell to latter auto passenger and parcel line—Jackson and Plymouth	Granted	Nov. 25, 1924
14290	10585	Wheeler's Hot Springs Stage Line	Order revoking temporary certificate to operate passenger and express service—Los Angeles, Wheeler's Hot Springs and intermediate points via Ventura and Ojai	Denied	Nov. 25, 1924
14291	9488	W. D. Thompson	To operate auto freight truck service—Los Angeles, Wilmington, San Pedro, Van Nuys, etc.	Denied	Nov. 25, 1924
	9630	Imperial Valley-Los Angeles Express	To operate auto freight truck service—Imperial Valley points and Los Angeles	Granted	Nov. 25, 1924



CALIFORNIA RAILROAD COMMISSION DECISIONS.

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14302	10623	William MacEwan and Norman McDonald.	Former to sell to latter auto passenger stage line—Burbank and Lancaster.	Granted	Nov. 28, 1924
14306	10346	Lewis A. Monroe, Agent for San Fernando Haulage Company.	To establish revised freight tariff.	Granted	Nov. 28, 1924
14310	8368	Harry M. Hunt and Pickwick Stages, Northern Division, Inc.	Former to sell to latter operative rights between Ventura and Santa Paula.	Granted	Nov. 28, 1924
14312	10613	A. A. Crabb, E. C. Morgan and Ernest Crabb.	To sell and lease to Pickwick Stages, Northern Division, certain operative rights—Fresno and Clovis.	Granted	Nov. 28, 1924
14317	10217	A. H. Weston and W. H. Curson.	To extend and operate passenger and express service—Knights Landing and Sacramento.	Denied	Dec. 2, 1924
14318	10110	J. L. Fifthian and Louis Spisito.	To operate an auto truck line—Sacramento and Marysville.	Denied	Dec. 2, 1924
14319	10582	F. Hennessey and M. Brodel.	To sell and transfer to Highway Transport Company auto truck line between San Jose, Soledad, Pacific Grove, etc.	Granted	Dec. 2, 1924
14321	C2001	Way's Ferndale-Loleta-Eureka Freight Service vs. G. M. Bruce and George P. Haywood.	To have defendants desist unlawful operations between Eureka and Ferndale and intermediate points.	Granted	Dec. 2, 1924
14324	10647	Emory E. Gilman (San Rafael Bus Service).	To operate auto bus service—San Rafael High School at San Rafael and Town of Novato, Marin County.	Granted	Dec. 2, 1924
14333	10606	The Los Angeles Railway Corporation.	To operate bus service on Santa Fe Avenue in City of Huntington Park.	Granted	Dec. 4, 1924
14334	10630	West Coast Transit Company and Donald MacPherson and William Lolax.	Former to purchase from two latter auto passenger and express lines between Arcata and Suisun, Humboldt County, and between Freshwater and Eureka.	Granted	Dec. 4, 1924
14338	C2022	J. W. Houk and J. H. Smith (Chico-Westwood-Susanville Auto Stage) vs. Mr. and Mrs. W. C. Lawrence.	Complaint of unlawful operations.	Dismissed	
14342	9879	George A. Scott.	To operate stage line—Westwood and Greenville, and Crescent Mills and Greenville.	Granted	Dec. 8, 1924
14342	9898	W. C. Lawrence (Lawrence Stage Company).	To operate auto passenger, freight line—Kiddie, Crescent Mills, etc.	Granted	Dec. 8, 1924
14342	10658	Ira N. Short.	To operate auto stage service—Crescent Mills, Greenville, etc.	Granted	Dec. 8, 1924
14342	10472	Lewis A. Monroe, Agent, for V. L. and F. L. Haynes (Western Truck Line).	To publish line of class rates and adopt Monroe's "Ship by Truck" Freight Classification.	Granted	Dec. 9, 1924
14343	10480	Lewis A. Monroe, Joint Agent, for Pickwick Stages, Inc. and United Stages, Inc.	To publish through joint passenger fares.	Granted	Dec. 9, 1924
14344	10571	Lewis A. Monroe, Agent for United Stages, Inc.	To publish new through inter-division fares based on full combination of local fares over junction points.	Granted	Dec. 9, 1924
14345	10196	Lewis A. Monroe, Joint Agent, for Motor Transit Company and Crown Stage Lines.	To publish joint passenger fares between certain points.	Granted	Dec. 9, 1924
14346	10603	Latta and Peterson.	To transfer and sell to R. E. O'Brien and G. F. Allbright (Goodell Transfer Company) auto freight line—Stockton and Oakdale.	Granted	Dec. 9, 1924
14347	10636	Joe Genardini and E. L. McConnell.	Former to sell to latter auto truck line—San Luis Obispo and Morro and intermediate points.	Granted	Dec. 9, 1924
14359	10365	Lewis A. Monroe, Agent, for A. B. Watson, owner of Crown Stage Lines.	To publish new local and interdivision passenger tariff.	Granted	Dec. 12, 1924
14361	10600	Joseph K. Hawkins and City Transit, Inc.	Former to sell to latter auto passenger line—Pomona and San Dimas.	Granted	Dec. 12, 1924
14388	10296	James Bell and Charles Griffin.	To operate auto transportation service—San Francisco, Coyote, Madrone, Morgan Hill, San Martin, etc.	Granted	Dec. 22, 1924

TABLE C--AUTO STAGE APPLICATIONS--Continued.

Doc. No.	App. No.	Applicant	Nature of proceedings	Action	Date
14419	10529	Oakland-Tuolumne Stage Line (H. T. Hempstead and N. F. Rawlings)	To transfer certificate to Oakland-Tuolumne Stage Line, a corporation.	Granted	Dec. 30, 1924
14423	10155	Alexander Bridge	To extend present auto stage service--Los Angeles County.	Granted	Dec. 31, 1924
14424	10352	Motor Transit Company	To abandon auto stage lines between Anaheim and Santa Ana.	Granted	Jan. 2, 1925
14430	10692	Motor Transit Company and West and Clark	For approval of former to take over and operate auto stage line between Riverside and San Jacinto, leased by the latter.	Granted	Jan. 5, 1925
14431	10694	H. N. Lein	To sell and transfer to Wesley Holm and Frank E. Duce auto truck line--Los Angeles and Blythe.	Granted	Jan. 5, 1925
14432	10695	Mrs. F. C. Williams (Bakersfield Shafter Auto Truck)	To sell to J. I. Kimbriel auto truck line--Bakersfield, Shafter and Wasco.	Granted	Jan. 5, 1925
14438	10520	Alexander Bridge and Harry Pothoff	Former to sell to latter auto stage line--Walnut Park and Home Gardens.	Granted	Jan. 5, 1925
14441	10639	B. S. Greene and F. R. Greene	To sell to M. Maffei, G. B. Podesta and R. Gottelli (City Auto Express and Draying Company) auto line--San Francisco, Colma, Salada and San Pedro.	Granted	Jan. 8, 1925
14456	9163	A. C. Woodard (Oakland-San Jose Transportation Company)	To operate motor truck line--Oakland, Livermore and intermediate points.	Granted	Jan. 8, 1925
14458	10312	Motor Transit Company	To abandon auto stage service--Riverside and Loma Linda.	Denied	Jan. 16, 1925
14461	10727	Delmas and Frailey and Vern Linville	Former to sell to latter one-half interest of Gay M. Delmas in auto line--Alturas and Cedarville.	Granted	Jan. 16, 1925
14465	10453	B. R. Fraser	To operate auto bus service from intersection of Moneta Avenue and Manchester Avenue, City of Los Angeles, to 120th Street and South Park Avenue in County of Los Angeles, and return.	Granted	Jan. 16, 1925
14467	10036	Drayage Service Corporation, Merchants Express and Draying Company, et al.	To establish through routes and joint freight rates--San Francisco and San Leandro, Wayne and points between; and San Francisco and Sunol and Livermore.	Granted	Jan. 17, 1925
14477	9870	A. E. Mallett and Gene Antichi (Sacramento-Corning Freight Line)	To operate auto truck line between Sacramento and Willows and intermediate points.	Granted	Jan. 17, 1925
14478	10189	George R. Zurfluh	To operate passenger, express and baggage service between Fair Oaks and Orangevale as extension of present service; and also to operate between Sacramento and Fair Oaks.	Granted	Jan. 27, 1925
14493	10717	Key System Transit Company	To operate passenger service--Alameda and Oakland.	Granted	Jan. 27, 1925

TABLE D—GRADE CROSSINGS.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
13630	9845	City of Compton (Southern Pacific Railroad Company)	Palmer Avenue	Granted	May 31, 1924
13633	10099	Southern Pacific Company (vicinity of Eliot)	County road	Granted	May 31, 1924
13641	10129	The Atchison, Topeka and Santa Fe Railway Company (City and County of San Francisco)	Iowa Street between Twenty-third and Twenty-fifth Streets		
13644	10116	Southern Pacific Company (City of Los Angeles)	Seaton Street	Granted	June 3, 1924
13645	10125	Southern Pacific Company (City and County of San Francisco)	Southern	Granted	June 3, 1924
13646	10106	Petaluma and Santa Rosa Railroad Company (City of Santa Rosa)	Sebastopol Avenue	Granted	June 3, 1924
13660	9885	City of Fresno (Southern Pacific Railroad Company)	Un-named street	Granted	June 5, 1924
13678	10011	Southern Pacific Company (vicinity of Summit)	State highway	Granted	June 11, 1924
13682	10154	The Atchison, Topeka and Santa Fe Railway Company (City of Reedley)	Block 49, between Thirteenth and Fourteenth Streets		
13694	10130	The Atchison, Topeka and Santa Fe Railway Company (near Strathmore)	County road	Granted	June 11, 1924
13699	10158	Southern Pacific Company (Town of Livermore)	North L Street	Granted	June 12, 1924
		People of State of California (near Weiner, Placer County)	State Highway	Granted	June 13, 1924
13704	9435	People of State of California (near Applegate, Placer County)	State Highway	Granted	June 16, 1924
		People of State of California (near Applegate, Placer County)	State Highway	Granted	June 16, 1924
13708	9869	City of San Diego (San Diego and Arizona Railway Company)	Sixty-first, Sixty-fifth, Sixty-sixth, Sixty-seventh, and Sixty-eighth Streets (portion of denied)	Granted	June 16, 1924
13710	10088	Los Angeles and Salt Lake Railroad Company (vicinity of Bly Junction)	Jurupa Avenue and Foldspar Street	Granted	June 16, 1924
13712	10118	Los Angeles and Salt Lake Railroad Company (Counties of San Bernardino and Riverside)	Un-named road	Granted	June 16, 1924
13713	10168	Southern Pacific Company (vicinity of San Martin)	South Street	Granted	June 16, 1924
13714	10124	Southern Pacific Company (near Wahoee Station, City of Los Angeles)	San Fernando Road	Granted	June 16, 1924
13715	10157	Southern Pacific Company (City and County of San Francisco)	Ritch Street	Granted	June 16, 1924
13724	10101	Southern Pacific Company (City and County of San Francisco)	Market Street Railway, Fifth and Bryant Streets	Granted	June 20, 1924
13735	8872	Southern Pacific Company (Newcastle, Alameda County)	Public roadway (rescinding Decision 12086)	Denied	June 23, 1924
13736	10193	Southern Pacific Company (Emeryville, Alameda County)	Forty-fifth Street	Granted	June 23, 1924
13737	10191	California Highway Commission (near Encinitas and Cardiff, San Diego County)			
13738	10197	Western Pacific Railroad Company (City of Oakland)	Atchison, Topeka and Santa Fe Railway	Granted	June 23, 1924
13739	10052	City of Oroville (Western Pacific Railroad Company)	Clay Street and portion of Third Street	Granted	June 23, 1924
13740	10201	Atchison, Topeka and Santa Fe Railway Company (City of Tulare)	Third Street	Granted	June 23, 1924
13741	10119	Los Angeles and Salt Lake Railroad Company (Riverside and San Bernardino Counties)	M Street	Granted	June 26, 1924
13754	10159	Atchison, Topeka and Santa Fe Railway Company (Pittsburg, Contra Costa County)	Etiwanda Avenue	Granted	June 26, 1924
13755	10172	San Francisco-Sacramento Railroad Company (Contra Costa County)	Cornwall Street and Railroad Avenue	Granted	July 1, 1924
13758	10235	Southern Pacific Company (Delano, Kern County)	County Road between Moraga and Valle Vista	Granted	July 1, 1924
13772	10237	Southern Pacific Company (Hood, Sacramento County)	Twelfth Avenue	Granted	July 1, 1924
13786	10245	Santa Cruz County (Southern Pacific Company)	Santa Cruz-Davenport County Road	Granted	July 2, 1924
13795	10249	Southern Pacific Company (City and County of San Francisco)	Portion of Tenth Street, between Bryant and Division Streets	Granted	July 9, 1924
				Granted	July 10, 1924



TABLE D—GRADE CROSSINGS—Continued.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
13796	10251	The Atchison, Topeka and Santa Fe Railway Company (City of Fresno)	Ventura Avenue	Granted	July 10, 1924
13797	10255	Southern Pacific Company (City and County of San Francisco)	Portion of Florida Street and Seventeenth Street	Granted	July 10, 1924
13815	10278	Southern Pacific Company (Town of Alviso)	Elizabeth Street and Hope Street	Granted	July 18, 1924
13823	10289	Southern Pacific Company (City of Dinuba)	Sixty-ninth Avenue, Snell Street, etc.	Granted	July 19, 1924
13825	10247	Southern Pacific Company (City of Dinuba)	Mono Street	Granted	July 21, 1924
13826	10250	The Atchison, Topeka and Santa Fe Railway Company (City of Oakland)	Twenty-second and Twenty-fourth Streets, etc.	Granted	July 21, 1924
13827	10265	Northwestern Pacific Railroad Company (County of Humboldt)	County Road at Newberg Station	Granted	July 21, 1924
13828	10266	Pacific Electric Railroad Company (City of Los Angeles)	Portion of Figueroa and Fourth Streets	Granted	July 21, 1924
13829	10267	Southern Pacific Company (City of Contra Costa County)	Eastport, County Road	Granted	July 21, 1924
13830	10269	Southern Pacific Company (City and County of San Francisco)	Missouri Street	Granted	July 21, 1924
13834	10290	Southern Pacific Company (Town of Livermore)	County Road	Granted	July 21, 1924
13850	10300	Southern Pacific Company (County of Mendocino)	Park Avenue	Granted	July 25, 1924
13851	10287	Northwestern Pacific Railroad Company (City of Oakland)	South of Hopland	Granted	July 28, 1924
13853	10301	The Atchison, Topeka and Santa Fe Railway Company (City of Oakland)	Poplar, Kirkham, Twenty-second Streets, etc.	Granted	July 28, 1924
13861	10262	Southern Pacific Company (County of Sacramento)	State Highway, vicinity of Barber	Granted	Aug. 1, 1924
13867	10238	Southern Pacific Company (City of Monrovia)	Almond and Shamrock Avenues	Granted	Aug. 1, 1924
13871	10337	California Western Railroad and Navigation Company (City of Fort Bragg)	Bush Street	Granted	Aug. 4, 1924
13881	10240	San Diego and Arizona Railway Company (San Diego County)	Otay Valley (New Survey No. 164)	Granted	Aug. 5, 1924
13882	10242	Pacific Electric Railroad Company (City of Long Beach)	Third Street, Pine Avenue, etc.	Granted	Aug. 5, 1924
13884	10270	Los Angeles and Salt Lake Railroad Company (San Bernardino and Riverside Counties)	Third Street, Pine Avenue, etc.	Granted	Aug. 5, 1924
13892	10306	Southern Pacific Company (Town of Emeryville)	Etowanda Boulevard	Granted	Aug. 5, 1924
13901	10023	City of Hermosa Beach (Atchison, Topeka and Santa Fe Railway Company)	Forty-fifth Street	Granted	Aug. 8, 1924
13906	9923	Board of Supervisors of Sacramento County (Sacramento Northern Railroad)	Thirtieth Street	Granted	Aug. 8, 1924
13908	10347	Los Angeles and Salt Lake Railroad Company (City of Glendale)	Fifth, Bertram Streets, etc., Swanson Branch	Granted	Aug. 9, 1924
13909	9890	City of Sacramento (Southern Pacific Company)	Glendale Avenue and California Street	Granted	Aug. 9, 1924
13932	10342	Southern Pacific Company (City of El Centro)	R Street line and Thirty-fourth Street	Granted	Aug. 11, 1924
13933	10345	Los Angeles and Salt Lake Railroad Company (City of Los Angeles)	Brighton Avenue	Granted	Aug. 19, 1924
13934	10371	California Oregon Power Company (County of Siskiyou)	East Sixth Street	Granted	Aug. 19, 1924
13935	10381	Southern Pacific Company (County of Fresno)	Thall-Copco County Road	Granted	Aug. 19, 1924
13936	10381	Southern Pacific Company (City of Gustine)	Fourth Street	Granted	Aug. 19, 1924
13939	10257	Southern Pacific Company (City and County of San Francisco)	Brannan Street and portion of Ritch Street	Granted	Aug. 19, 1924
13953	9999	County of Shasta (Southern Pacific Company)	Near Castella	Granted	Aug. 20, 1924
13955	10392	Southern Pacific Company (County of Santa Barbara)	At Guadalupe	Granted	Aug. 23, 1924
13972	10292	The Atchison, Topeka and Santa Fe Railway Company (County of San Bernardino)	Portion of Helendale and Oro Grande	Granted	Aug. 27, 1924
13995	10424	Southern Pacific Company (City of Salinas)	Portion of Front Street	Granted	Aug. 27, 1924
14007	10308	County of San Bernardino (Atchison, Topeka and Santa Fe Railway Company)	Between Helendale and Oro Grande	Granted	Aug. 27, 1924
14009	10415	Southern Pacific Company (City of Porterville)	Near Hicks	Granted	Sept. 5, 1924
14012	10271	Los Angeles and Salt Lake Railroad (City of Riverside)	Orange, Walnut and Vine Streets	Granted	Sept. 5, 1924
14018	10411	Southern Pacific Company (City of Sacramento)	Fourth and Fifth Streets	Granted	Sept. 5, 1924
14026	10403	Southern Pacific Company (City of Alameda)	Portion of Front Street	Granted	Sept. 6, 1924
14027	10413	Southern Pacific Company (City of El Centro)	Portion of Blanding Avenue	Granted	Sept. 8, 1924
			Olive Avenue	Granted	Sept. 8, 1924



14028	14021	Southern Pacific Company (City of Sacramento)	Eighteenth and North B Streets	Sept. 8, 1924
14029	14027	Southern Pacific Company (vicinity of Lytwood, Los Angeles County)	Portion of Dixon Avenue	Sept. 8, 1924
14030	14035	Pacific Electric Railway Company (City of San Marino)	San Marino Avenue	Sept. 8, 1924
14036	10110	City of South San Francisco (Southern Pacific Company)	Orange Avenue and Third Street	Sept. 10, 1924
14049	10426	The Western Pacific Railroad Company (City and County of San Francisco)	Seventeenth Street and De Haro Street	Sept. 12, 1924
14050	10422	The Atchison, Topeka and Santa Fe Railway Company (City of El Segundo)	Collinwood Street	Sept. 12, 1924
14053	10293	County of Tulare (Visalia Electric Railroad Company)	North line of Section 21, T. 18 S., R. 27 E., Mt. Diablo Base and Meridian	Sept. 13, 1924
14056	10450	Southern Pacific Company (City and County of San Francisco)	Harrison Street	Sept. 13, 1924
14060	10325	County of Kern (The Atchison, Topeka and Santa Fe Railway Company)	Between Secs. 14 and 23, T. 29 S., R. 26 E., M. D. B. and M.	Sept. 16, 1924
14063	9949	The Western Pacific Railroad Company (City of Oroville)	Third, Lincoln and Second Streets	Sept. 16, 1924
14064	10319	County of Kern (The Atchison, Topeka and Santa Fe Railway Company)	Sec. 36, T. 26 S., R. 24 E. and Sec. 1, T. 27 S., R. 24 E., M. D. B. and M.	Sept. 16, 1924
14065	10320	County of Kern (The Atchison, Topeka and Santa Fe Railway Company)	Secs. 32 and 3, T. 27 and 28 S., R. 25 E., M. D. B. and M.	Sept. 16, 1924
14073	9896	County of Los Angeles (Southern Pacific Railroad)	Market Street	Sept. 16, 1924
14077	10321	County of Kern (Southern Pacific Railroad)	Rosamond	Sept. 17, 1924
14081	10333	San Diego and Arizona Railway Company (City of San Diego)	"J." Second and Third Streets	Sept. 25, 1924
14090	10465	San Diego Electric Railway Company (City of San Diego)	Market and Atlantic Streets	Sept. 25, 1924
14116	10272	City of Delano (Southern Pacific Railroad Company)	Fourth Avenue	Sept. 25, 1924
14117	10432	County of Los Angeles (Pacific Electric Railroad Company)	Bridge Street	Oct. 1, 1924
14118	10497	Southern Pacific Company (City and County of San Francisco)	Carolina and Sixteenth Streets	Oct. 1, 1924
14120	10222	City of San Diego (San Diego and Arizona Railway Company)	Fergus Street	Oct. 2, 1924
14121	10273	City of Stockton (Southern Pacific Company)	Scotts Avenue	Oct. 2, 1924
14122	10512	County of Los Angeles (Union Pacific Railroad)	Bandini Boulevard (Temporary Order)	Oct. 2, 1924
14127	10495	Los Angeles and Salt Lake Railroad Company (City of Los Angeles)	Soto Street	Oct. 2, 1924
14128	10500	Southern Pacific Company (County of Fresno)	Vicinity of Calwa	Oct. 2, 1924
14130	10385	Northern Pacific Railroad Company (Town of Fairfax)	Main Street	Oct. 4, 1924
14131	10386	Northern Pacific Railroad Company (Marin County)	Between Fairfax and Manor	Oct. 4, 1924
14136	10505	Southern Pacific Company (City of Berkeley)	Second Street	Oct. 4, 1924
14137	10507	The Western Pacific Railroad Company (City and County of San Francisco)	Waterloo Street	Oct. 4, 1924
14154	10420	County of Los Angeles (Union Pacific System)	West of Boyle Avenue	Oct. 9, 1924
14155	10491	The Atchison, Topeka and Santa Fe Railway Company (City of Stockton)	American and Taylor Streets	Oct. 9, 1924
14165	10167	Southern Pacific Company (City of Los Angeles)	Alameda Street	Oct. 10, 1924
14166	10340	Southern Pacific Company (City of Vernon)	Alameda Street	Oct. 10, 1924
14182	10535	Southern Pacific Company (County of Ventura)	Vicinity of Piru	Oct. 18, 1924
14194	10538	Southern Pacific Company (City of Vernon)	Twenty-eighth Street	Oct. 18, 1924
14195	10542	The Atchison, Topeka and Santa Fe Railway Company (City of National City)	Nineteenth Street and Twenty-fourth Street	Oct. 23, 1924
14197	10543	Southern Pacific Company (vicinity of Fresno)	Portion of Sarah Street and Lorena Avenue	Oct. 23, 1924
14198	10547	Southern Pacific Company (City and County of San Francisco)	Florida and Mariposa Streets	Oct. 23, 1924
14201	10423	County of Fresno (The Atchison, Topeka and Santa Fe Railway Company)	Hammond Avenue	Oct. 25, 1924
14202	10552	Los Angeles and Salt Lake Railroad Company (County of Los Angeles)	Monroe Street	Oct. 25, 1924
14206	10537	Petaluma and Santa Rosa Railroad Company (City of Santa Rosa)	Sebastopol Avenue and Boyd Street	Oct. 27, 1924
14218	10360	City of Perris (J. P. Flynn, City Engineer) (The Atchison, Topeka and Santa Fe Railway)	"D" Street	Oct. 29, 1924
14226	10533	Southern Pacific Company (City and County of San Francisco)	Yosemite, Armstrong, Bancroft, Carroll Avenues, etc.	Oct. 29, 1924
14227	10553	Southern Pacific Company (City and County of San Francisco)	Un-named Street and Bancroft Avenue	Oct. 29, 1924



TABLE D - GRADE CROSSINGS—Continued.

Dec. No.	App. No.	Applicant (and other parties)	Location	Action	Date
11228	10575	Southern Pacific Company (Vicinity of Punta)	Ocean View Road.	Granted	Oct. 29, 1924
11230	10587	Key System Transit Company (City of Oakland and Piedmont)	Forty-first Street and Piedmont Avenue; Arroyo Avenue, York Drive and Ricardo Avenue.	Granted	Oct. 31, 1924
11231	10253	County of San Bernardino (Southern Pacific Railroad)	Second Street	Denied	Nov. 3, 1924
11232	10102	Board of Trustees of City of Taft (Sunset Railway Company)	Locust Avenue, near Bloomington	Denied	Nov. 3, 1924
11245	10349	Board of Supervisors Shasta County (Southern Pacific Company)	Second Street	Denied	Nov. 8, 1924
11247	10512	County of Los Angeles (Union Pacific Railroad)	Near Anderson-Cottonwood Canal	Granted	Nov. 8, 1924
11248	10512	Southern Pacific Company (vicinity of Eliot Station)	Bandini Boulevard	Granted	Nov. 8, 1924
11249	10749	Town of Fowler (Central Pacific and Southern Pacific Railroad Company)	County Road No. 1530	Denied	Nov. 12, 1924
11251	10162	Northwestern Pacific Railroad Company (County of Marin)	Peach Street	Granted	Nov. 12, 1924
11261	10384	Southern Pacific Company (City of Burlingame)	Sanders and San Anselmo Avenues	Granted	Nov. 12, 1924
11265	10258	County of Kern (Southern Pacific Railroad)	South Lane	Granted	Nov. 12, 1924
11266	10522	County of Kern (Southern Pacific Railroad)	Public Road	Granted	Nov. 12, 1924
11267	10321	County of Kern (Southern Pacific Railroad)	Public Road	Granted	Nov. 12, 1924
11268	10326	County of Kern (Southern Pacific Railroad)	Public Road	Granted	Nov. 12, 1924
11269	10513	City of Pasadena (Pacific Electric Railway Company)	Walnut Street	Granted	Nov. 12, 1924
11271	10001	Southern Pacific Company (City of Los Angeles)	Aviation Drive, West Glendale Station.	Granted	Nov. 17, 1924
11272	10001	City of Hermosa Beach (Pacific Electric Railway Company)	Lyndon Street	Denied	Nov. 21, 1924
11273	10276	Southern Pacific Company (City of Burbank)	Alameda Street	Granted	Nov. 21, 1924
11276	10560	Southern Pacific Company (City of Burbank)	Graham Place	Granted	Nov. 21, 1924
11277	10561	Southern Pacific Company (City of Burbank)	Alameda Street	Granted	Nov. 21, 1924
11278	10568	City of Venice (Pacific Electric Railway Company)	Alameda Avenue (Avenue 31)	Granted	Nov. 21, 1924
11279	10529	Southern Pacific Company (vicinity of Retreat)	Alameda Street	Granted	Nov. 21, 1924
11280	10539	Southern Pacific Company (vicinity of Retreat)	County Highway	Granted	Nov. 21, 1924
11300	10617	Southern Pacific Company (vicinity of Eliot, Alameda County)	County Road No. 1530	Granted	Nov. 21, 1924
11301	10622	Southern Pacific Company (vicinity of Eliot, Alameda County)	County Road No. 1530	Granted	Nov. 21, 1924
11311	10574	County of Orange (Union Pacific Company)	Cedar Street (Third Road District)	Granted	Nov. 25, 1924
11312	10574	County of Orange (Union Pacific Company)	Cedar Street (Third Road District)	Granted	Nov. 25, 1924
11323	10601	Southern Pacific Company (City of Delano)	Thirtieth and Twelfth Avenues	Granted	Dec. 4, 1924
11335	10635	The Archon, Topoka and Santa Fe Railway Company (City of Los Angeles)	Jesse Street and Matro Street	Granted	Dec. 4, 1924
11339	10113	The Archon, Topoka and Santa Fe Railway Company (vicinity of Twelfth, Los Angeles County)	Alameda Street and Twelfth Avenues	Granted	Dec. 9, 1924
11348	10634	Southern Pacific Company (vicinity of Twelfth, Los Angeles County)	Alameda Street and Twelfth Avenues	Granted	Dec. 9, 1924
11349	10576	County of Pomona (Southern Pacific Company)	Unnamed Street	Granted	Dec. 9, 1924
11349	10576	Southern Pacific Company (City and County of San Francisco)	Alameda Street and Florida Street	Granted	Dec. 12, 1924
11349	10576	Southern Pacific Company (City and County of San Francisco)	Broadway, E. F. G. Market Streets	Granted	Dec. 12, 1924
11374	10627	San Diego Electric Railway Company (City of Los Angeles)	Union Pacific Avenue and Nones Street	Granted	Dec. 12, 1924
11375	10627	San Diego Electric Railway Company (City of Los Angeles)	Marguerita Avenue and Marango Avenue	Granted	Dec. 12, 1924
11377	10602	Southern Pacific Company (City of Oakland)	Twenty-third and Twenty-fourth Streets	Granted	Dec. 12, 1924
11383	10637	Southern Pacific Company (City of Fresno)	Van Ness, San Diego, Los Angeles, and Monterey Avenues	Granted	Dec. 18, 1924
11384	10608	Southern Pacific Company (City of Fresno)	Van Ness, San Diego, Los Angeles, and Monterey Avenues	Granted	Dec. 18, 1924
11401	10681	Southern Pacific Company (City of Watsonville)	Ford Street	Granted	Jan. 26, 1925
11410	10651	City of Inglewood (The Archon, Topoka and Santa Fe Railway)	Stella Street	Granted	Jan. 26, 1925
11418	10609	The Archon, Topoka and Santa Fe Railway (City of Pasadena)	Glenn Street	Granted	Jan. 26, 1925
11419	10492	Santa Fe and Los Angeles Harbor Railway Company (City of Torrance)	Cabrillo Avenue	Granted	Jan. 26, 1925
11452	10702	Southern Pacific Company (City of Tularo)	Bush Street	Granted	Jan. 12, 1925
11453	10714	San Diego and Arizona Railway Company (City of National City)	North Avenue	Granted	Jan. 12, 1925
11459	10609	Southern Pacific Company (Los Angeles County)	Miller Avenue, vicinity of Aurant Station.	Granted	Jan. 16, 1925

14460	10719	The Western Pacific Railroad Company (City and County of San Francisco)	McLen Court	Granted	Jan. 16, 1925
14471	10675	County of San Bernardino (The Atchison, Topeka and Santa Fe Railway)	Near Hawes	Granted	Jan. 17, 1925
14475	10756	California Central Railroad Company (County of San Benito)	Salinas Road (near Town of San Juan)	Granted	Jan. 23, 1925
14480	10757	Sacramento County (The Atchison, Topeka and Santa Fe Railway)	Between crossings Nos. 23 and 24	Granted	Jan. 27, 1925
14484	10638	County of Fresno (The Atchison, Topeka and Santa Fe Railway)	Princeton Avenue	Granted	Jan. 27, 1925
14485	10640	San Joaquin County (Southern Pacific Railroad)	W. B. West Road No. 203	Granted	Jan. 27, 1925
14487	10717	The Atchison, Topeka and Santa Fe Railway (City and County of San Francisco)	Quint Street and Evans Avenue	Granted	Jan. 27, 1925
14489	10753	The Atchison, Topeka and Santa Fe Railway (City of San Diego)	Kurtz and Winder Streets	Granted	Jan. 27, 1925
14490	10754	The Atchison, Topeka and Santa Fe Railway (City and County of San Francisco)	Spear Street	Granted	Jan. 27, 1925
14501	10773	The Atchison, Topeka and Santa Fe Railway (City of Santa Ana)	Fourth Street	Granted	Jan. 27, 1925
14504	10770	The Atchison, Topeka and Santa Fe Railway (City of El Segundo and City of Manhattan Beach)	Rosecrans Avenue	Granted	Jan. 30, 1925

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TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS.

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
13634	10128	Baldwin and Howell and Peninsula Water Company	Authorizing former to sell to latter water system supplying San Mateo Park.	May 31, 1924
13635	6712	G. H. Blount.	Supplemental order revoking and annulling certificate granted in Decision No. 9669.	May 31, 1924
13636	C1698	Railroad Commission, Investigation of	Extension of time in which to comply with requirements of Chapter 499-600—Grizzly Electric Company.	May 31, 1924
13642	10103	Sespe Light and Power Company.	Authorizing abandonment of public utility service.	June 3, 1924
13643	10079	Southern Pacific Railroad Company and Southern Pacific Company.	Authorizing exchange of right-of-way, sale of tracks, and construction of drill track with the Consumers Rock and Gravel Company.	June 3, 1924
13652	9066	Piru Water Company, Hugh Warring et al.	Order on rehearing affirming previous Decision No. 12681.	June 5, 1924
13653	9177	San Diego Electric Railway Company.	Supplemental order amending Decision No. 13115, re grade crossing.	June 5, 1924
13654	9773	A. E. Donovan.	Supplemental order modifying Decision No. 13351, re transfer of certain property to Donovan Transportation Company.	June 5, 1924
13655	10073	San Joaquin Light and Power Corporation.	Supplemental order modifying Decision No. 13603, re bond issue.	June 5, 1924
13667	10133	Mattie L. Goodwin and Grace Webb (Quincy Water Works).	Supplemental order modifying Decision No. 13637, re issue of notes.	June 9, 1924
13668	C1698	Railroad Commission, Investigation of	Extension of time in which to comply with requirements of Chapter 499-600—City of Pasadena.	June 9, 1924
13670	8836	Great Western Power Company of California.	Supplemental order modifying Decision No. 12020, re stock issue.	June 9, 1924
13671	10067	Southern Pacific Company.	Supplemental order amending Decision No. 13611, re maintenance of human flagman.	June 10, 1924
13672	C1918	California Highway Express, Pacific Highway Express, vs. Bekins Fireproof Storage et al.	Petition for rehearing denied.	June 10, 1924
13673	10079	Southern Pacific Railroad Company and Southern Pacific Company.	Supplemental order amending Decision No. 13643, re sale of tracks and rights of way in Vernon, Los Angeles County; to Consumers Rock and Gravel Company.	June 11, 1924
13676	10070	Rialto Domestic Water Company and City of Rialto	Order authorizing sale of water system by former to latter.	June 11, 1924
13680	10111	Southern Pacific Railroad Company, Southern Pacific Company and Pacific Electric Railway Company.	Order authorizing joint use of tracks between Riverside and San Bernardino.	June 11, 1924
13683	8111	Nevada-California Transportation Company.	Supplemental order amending Decision No. 12972, re freight and baggage line service between Doyle and California-Nevada line to Reno.	June 11, 1924
13696	10012	Crystal Springs Water Company.	Order authorizing discontinuance of water service—portion of City of Los Angeles, formerly City of Sawtelle.	June 13, 1924
13697	10006	San Gabriel Valley Water Company and City of Pasadena.	Order authorizing said company to sell part of its water system to said city.	June 13, 1924
13706	9992	Kern Sunset Oil Company.	Order authorizing discontinuance of water service in vicinity of Maricopa, Kern County, on September 1, 1924.	June 16, 1924
13707	10016	Los Angeles County Water Works Company and Associated Oil Company.	Order authorizing former to execute oil and gas lease to latter.	June 16, 1924
13716	8508	Western States Gas and Electric Company.	Order authorizing issue and sale of stock.	June 16, 1924
13720	9864	Yosemite National Park Company.	Supplemental order to clarify route in Decision No. 13686, re auto stage line in vicinity of Yosemite National Park.	June 20, 1924
13725	9107	Madera Yosemite Big Tree Auto Company.	Order authorizing issue of promissory notes.	June 20, 1924
	9211	Foothill Ditch Company.		June 20, 1924
	10123			



13726	10090	Southern Pacific Company-----	Order authorizing abandonment and removal of Center Street Station, in San Pedro District of City of Los Angeles-----	June 20, 1924
13727	8159	Cunha Brothers (M. S. Cunha et al.)-----	Order revoking certificate granted in Decision No. 11137 for auto freight line from San Jose to San Leandro, and San Francisco and Oakland-----	June 20, 1924
13728	9202	Conservative Water Company-----	Third supplemental order authorizing execution of new trust indenture with certain changes, to replace trust indenture authorized in Decision No. 12541-----	June 20, 1924
13733	9430	Richmond-San Francisco Transportation Company-----	Supplemental order extending time in which to operate steamboat between Richmond and San Francisco-----	June 23, 1924
13743	C1698	Railroad Commission, Investigation of-----	Investigation of Commission's own motion into compliance with requirements of Chapter 499, Statutes of 1911 as amended by Chapter 600, Statutes of 1915--City of Haldsburg-----	June 26, 1924
13744	7498	Central Counties Gas Company-----	Second supplemental order amending Decision No. 10100, as amended by Decision No. 11011, re issuance of bonds-----	June 28, 1924
13753	10140	Southern Pacific Company-----	Order authorizing abandonment and removal of station building at Cameron Station, Kern County-----	July 1, 1924
13756	10173	Southern Pacific Company-----	Order authorizing discontinuance of agency at Latrobe Station, El Dorado County-----	July 1, 1924
13757	10186	Los Angeles and Salt Lake Railroad Company-----	Order authorizing discontinuance of agency station at Whittier Junction, Los Angeles County-----	July 1, 1924
13759	9826	Atchison, Topeka and Santa Fe Railway Company-----	Supplemental order amending Decision No. 13224, re construction of spur track across a county highway near Del Rey, Fresno County-----	July 1, 1924
13760	9830	Atchison, Topeka and Santa Fe Railway Company and California Southern Railroad Company-----	Supplemental order modifying Decision No. 13464, in the matter of former acquiring capital stock of the latter-----	July 1, 1924
13761	2351	Western Pacific Railroad Company, and Franklin V. Spooner et al. as Reorganization Committee of said railway-----	Tenth supplemental order, amending Decision No. 3505, as amended, re expenditure of proceeds from sale of bonds authorized by Decision No. 9620-----	July 1, 1924
	7147	Sacramento Northern Railroad, Sacramento Northern Railway, and Western Pacific Railroad Company-----	Sixth supplemental order, amending Decision No. 9620, revoking authority to use proceeds from sale of bonds authorized by Decision No. 3505-----	July 1, 1924
13764	10127	Southern Pacific Company-----	Order authorizing discontinuance of agency at Smart, Nevada County-----	July 1, 1924
13765	10138	Southern Pacific Company-----	Order authorizing discontinuance of agency at Pinedale Junction Station, Fresno County-----	July 1, 1924
13769	10232	Pacific Electric Railway Company-----	Order authorizing abandonment and removal of spur track in Eulalia Boulevard near Fairfax Avenue on Sawville Line-----	July 1, 1924
13777	8324	Los Angeles Gas and Electric Corporation-----	Second supplemental order modifying Decision No. 11152--re stock issue-----	July 3, 1924
13778	9967	San Joaquin Light and Power Corporation-----	First supplemental order modifying Decision No. 13441--re stock issue-----	July 3, 1924
13785	10031	Crystal Springs Water Company-----	Relieved of public utility obligation and authorized to dispose of real estate, pumping equipment, etc.-----	July 8, 1924
13787	10256	Southern Pacific Company-----	Authorizing moving of station point at Nutgilde to a point eight-tenths of a mile east of present location-----	July 9, 1924
13789	C1698	Northwestern Pacific Railroad Company-----	Supplemental order extending time in which to comply with requirements of Chapter 499-600-----	July 9, 1924
13792	10212	Nevada Irrigation District and Pacific Gas and Electric Company-----	Approving agreement for distribution of water for power and irrigation purposes-----	July 10, 1924
13793	9957	T. P. Gorham and San Luis Obispo County Water Works District No. 1-----	Authorizing former to transfer to latter certain public utility water system in the town of San Miguel-----	July 10, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
13794	10241	The Western Pacific Railroad Company.	Authorized to grant an easement for pipe lines across its right of way to the City and County of San Francisco.	July 10, 1924
13802	10104	Pacific Electric Railway Company.	To deviate from certain provisions of General Order No. 64 as specified in Rule No. 43	July 15, 1924
13803	10263	Fresno Pacific Company and Minarets and Western Traction Company.	Authorizing discontinuance of agency station at Glamis, Imperial County.	July 15, 1924
13818	9655	Arrowhead Utility Company and Harry Lee Martin	Approving agreement for joint operation of certain tracks in townsite of Pinedale.	July 18, 1924
13819	9536	Arrowhead Utility Company and Arrowhead Mutual Service Company.		
13820	9657	Arrowhead Utility Company and Arrowhead Mutual Service Company.	Second supplemental order modifying Decision No. 13267.	July 18, 1924
13821	3708	City of Palo Alto.		
13822	7513	A. B. Watson (Crown Stages).	Sixth supplemental order extending time for maintenance of grade crossing as specified in Decision No. 9338.	July 18, 1924
13823	C2011	Elon Dunlap vs. El Dorado Water Corporation.	Order denying modification of Decision No. 13177—re certificate.	July 18, 1924
13831	10275	Southern Pacific Company.	Opinion and order denying complainant's request—dismissed.	July 18, 1924
13832	9969	Cousins Launch and Lighter Company.	Authorizing discontinuance of agency at Chular Station, County of Monterey.	July 21, 1924
13840	10259	Spring Valley Water Company.	Petition for rehearing denied—certificate to operate vessels.	July 21, 1924
13845	10124	Southern Pacific Company.	Authorizing rights of way over certain lands in counties of San Francisco and San Mateo.	July 23, 1924
13846	9107	Yosemite National Park Company.	Supplemental order amending Decision No. 13714—grade crossing.	July 25, 1924
13847	9211	Madera Yosemite Big Tree Auto Company.	Petition for rehearing denied—re certificates.	July 25, 1924
13848	9429	Southern Pacific Company.	Order revoking prior order and dismissing application—re grade crossing.	July 25, 1924
13849	9789	The Terminal Island Transportation Company.	Supplemental order revoking and annulling certificate granted in Decision No. 13368.	July 25, 1924
13864	C2026	Simons Brick Company vs. Southern California Telephone Company.	Suspending order in Decision No. 13624.	July 26, 1924
13868	10169	San Joaquin Light and Power Corporation.	Approving contract between applicant and Department of the Interior of the United States of America.	Aug. 4, 1924
13869	10295	The Wright Corporation.	Order approving license to charge tolls for use of landing.	Aug. 4, 1924
13870	10316	Pacific Electric Railway Company.	Authorizing abandonment and removal of freight platform at El Sereno Station, on Pasadena Short Line.	Aug. 4, 1924
13872	10332	The Atchison, Topeka and Santa Fe Railway Company.	Authorized to re-arrange and abandon portion of interlocking plant at San Bernardino.	Aug. 4, 1924
13876	10343	Southern Pacific Company.	Authorizing removal of spur track and station at Fergus, Merced County, to point one mile east.	Aug. 4, 1924
13877	9169	The Atchison, Topeka and Santa Fe Railway Company.	Rescinding Decision No. 12324 and dismissing application—re grade crossing.	Aug. 4, 1924
13878	10301	Southern Pacific Company.	Rescinding Decision No. 13853 and dismissing application—re grade crossing.	Aug. 4, 1924
13880	9345	Fresno Interurban Railway Company.	Supplemental order amending Decision No. 12682—grade crossing.	Aug. 4, 1924
13890	C1698	Railroad Commission, Investigation of T. J. Cronin and William Watt.	Extending time in which to comply with Chapters 490-600—Ojai Power Company.	Aug. 4, 1924
13891	9258	Southern Pacific Company.	Revoking and annulling certificate granted in Decision No. 13145.	Aug. 5, 1924
13894	10284	Consolidated Water and Development Company and City of Hawthorne.	Revoking prior order and dismissing application re grade crossing.	Aug. 5, 1924
			Authorizing former to transfer to latter water system known as Fairfax Park plant.	Aug. 8, 1924



13895	10285	Hawthorne Electric and Water Company and City of Hawthorne	Authorizing former to transfer to latter certain water system.	Aug. 8, 1924
13896	10309	Lawdale Land and Water Company and City of Hawthorne	Authorizing former to transfer to latter certain water system.	Aug. 8, 1924
13899	10248	Southern Pacific Company	Authorizing discontinuance of agency at Inyokern Station, Kern County.	Aug. 8, 1924
13900	10330	Los Angeles and Salt Lake Railroad Company	Authorized to close agency station at Pedley, Riverside County.	Aug. 8, 1924
13902	9727	Liberty Transfer and Storage Company (Sarah S. Burger)	Amending Decision No. 13775—re certificate.	Aug. 8, 1924
13903	9069	Pasadena-Ocean Park Stage Line	Second supplemental order authorizing increase in stage fares.	Aug. 8, 1924
13907	10299	Southern Pacific Company	Authorized to close agency station at Los Alamitos, Orange County.	Aug. 9, 1924
13914	10373	Southern Pacific Company	Authorized to abandon Oporto Station, Fresno County.	Aug. 12, 1924
13915	10358	Southern Pacific Company	Authorized to discontinue non-agency station at Veeino, Butte County.	Aug. 12, 1924
13916	10163	Los Angeles and Salt Lake Railroad Company	Authorized to close agency station at Terminal Island on its San Pedro Branch of its Los Angeles Division.	Aug. 12, 1924
13917	10363	Southern Pacific Company	Authorizing discontinuance of agent at station of Shasta Retreat on Shasta Division, Shasta County.	Aug. 12, 1924
13918	10357	Southern Pacific Company	Authorizing discontinuance of non-agency station Sativa on Sacramento Division, Butte County.	Aug. 12, 1924
13919	10174	Southern Pacific Company	Authorized to close agency station at Emigrant Gap on Sacramento Division, Placer County, from November 1 to April 30, each year.	Aug. 12, 1924
13920	10295	The Wright Corporation	Approving stipulation—re license to charge tolls for use of landing.	Aug. 12, 1924
13921	5097	San Francisco-Richmond Ferry Company	Sixth supplemental order modifying Decision No. 8144—re stock.	Aug. 12, 1924
13924	10144	Frank J. Wingart and Conservative Water Company	Former to transfer to latter water system supplying consumers in Tract No. 1977, Los Angeles County.	Aug. 16, 1924
13929	10394	Horace Nelson	Authorizing purchase of remaining one-third interest in Half Moon Bay Water Company from estate of William Misner.	Aug. 19, 1924
13930	10395	The Mountain Copper Company, Ltd.	Approving wharf franchise.	Aug. 19, 1924
13943	10260	Southwestern Home Telephone Company	First supplemental order modifying Decision No. 13866—re bonds.	Aug. 20, 1924
13944	9500	County of Tulare	Second supplemental order rescinding and amending Decision Nos. 13336 and 13067—grade crossing.	Aug. 20, 1924
13946	7932	Pacific Electric Railway Company	Authorizing abandonment of street car operation in City of Pomona—Ganesha Park, West Second and Park, etc., lines.	Aug. 20, 1924
13956	8391	Pacific Electric Railway Company	Second supplemental order modifying Decision No. 13690—re execution of mortgage or deed of trust.	Aug. 20, 1924
13956	10126	Port Costa Water Company		Aug. 23, 1924
13960	C1962	Madewell Manufacturing Company et al. vs. Amador Central Railroad Company et al.	Fourth supplemental order further modifying Decision No. 13657—extending effective date.	Aug. 23, 1924
13970	C2003	H. W. Kemp et al. vs. W. H. Miller	Dismissing complaint re stage service and fares.	Aug. 27, 1924
13979	10213	Pacific Gas and Electric Company	Authorize exercise of rights and privileges under Ordinance No. 120, by Board of Supervisors of County of Napa.	Aug. 27, 1924
13980	10214	Pacific Gas and Electric Company	Authorizing exercise of rights and privileges under Ordinance No. 105, Board of Supervisors of County of Solano.	Aug. 28, 1924
13982	10177	Southern Pacific Company	Authorizing abandonment of non-agency stations at Klink and Venice Hill, Tulare County.	Aug. 29, 1924
13983	10224	Southern Pacific Company	Authorizing discontinuance of agent at Rosamond, Los Angeles County.	Aug. 29, 1924
13984	10225	Southern Pacific Company	Authorizing discontinuance of agent at station of Acton, Los Angeles County.	Aug. 29, 1924
13985	10362	Southern Pacific Company	Authorizing discontinuance of agent at station of Bradley, Monterey County, on Coast Division.	Aug. 29, 1924

TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
13986	10429	Southern Pacific Company	Authorizing discontinuance of non-agency station of Veras, Santa Barbara County, on Coast Division.	Aug. 29, 1924
13988	9875	Union Traction Company	First supplemental order extending time in which to file acceptance of certificate granted by Decision No. 13905.	Aug. 29, 1924
13989	10145	Pacific Electric Railway Company	Authorizing discontinuance of station of Des Moines on La Habra Line as Agency station.	Aug. 30, 1924
13990	10146	Pacific Electric Railway Company	Authorizing discontinuance of agent at station of Los Nietos, on La Habra Line, but maintenance as non-agency station.	Aug. 30, 1924
13991	10294	Consolidated Utilities Company of Compton	Authorizing establishment of public telephone stations and rates.	Aug. 30, 1924
13992	10288	Central Mendocino County Power Company	Authorizing sale of certain real estate.	Aug. 30, 1924
13996	10434	Pacific Electric Railway Company	Authorizing abandonment of freight platform at Los Cerritos Station on Long Beach Line.	Aug. 30, 1924
13997	9873 9874 9875 9876	Consolidated Furniture Moving Corporation	Supplemental order making effective certificates granted in Decision No. 13775.	Aug. 30, 1924
13999	C1698	Railroad Commission, Investigation of	Extending time in which to comply with requirements of Chapter 499-600—Pacific Electric Railway.	Aug. 30, 1924
14000	C1698	Railroad Commission, Investigation of	Extending time in which to comply with requirements of Chapters 499-600—Needles Gas and Electric Company.	Aug. 30, 1924
14005	10297	Sawtelle Water Company	Authorizing discontinuance of water service in vicinity of Sawtelle.	Aug. 30, 1924
14019	10455	Southern Pacific Company	Authorizing abandonment of non-agency station at Beatos, San Mateo County.	Aug. 30, 1924
14020	10408	Southern Pacific Company (successor of Richmond-San Francisco Transportation Company)	Authorizing operation of ferry service between San Francisco and Point Richmond.	Sept. 6, 1924
14021	C2030	W. H. Norman, Walter J. Lean and Fred L. Fehren vs. San Jose Water Works	Authorizing operation of ferry service between San Francisco and Point Richmond.	Sept. 8, 1924
14024	10390	Southern Pacific Company and The Western Pacific Railroad Company	Authorizing company to extend mains upon deposit by complainants of certain specified amount.	Sept. 8, 1924
14032	6946	Riverdale Creamery Company	Approving agreement for former to sell and the latter to purchase one-half interest in certain spur track located at West San Jose, County of Santa Clara.	Sept. 8, 1924
14034	9173	Southern Pacific Company	Supplemental order revoking and annulling certificate granted in Decision No. 9261.	Sept. 8, 1924
14037	10315	Southern Pacific Company	Order revoking Decision No. 12328 and dismissing application—re grade crossing, Fresno.	Sept. 8, 1924
14039	C2021	Edward Beierlein, Walter Mersede et al. vs. Greek Canterbury, W. Birdfield et al.	Authorizing discontinuance of agency at Rumsey Station on Western Division in Yolo County—August 30 to April 1, each year.	Sept. 10, 1924
14041	10139	Southern Pacific Company	Order dismissing complaint against poor water service.	Sept. 10, 1924
14044	7672	Sutter Butte Canal Company	Authorizing discontinuance of agency at Yolo Station.	Sept. 10, 1924
14051	C1362	Postal Telegraph-Cable Company vs. Pacific Gas and Electric Company	Second supplemental order modifying Decision No. 12788—re note.	Sept. 11, 1924
14052	9181	Milo W. Bekins et al., "Bekins Fireproof Storage"	Order denying rehearing in Decision No. 13863.	Sept. 12, 1924
14053	9181	Milo W. Bekins et al., "Bekins Fireproof Storage"	Order modifying former opinion and order in Decision No. 12980.	Sept. 12, 1924
			Order modifying former opinion and order in Decision No. 12981.	Sept. 12, 1924



14057	10452	The Atchison, Topeka and Santa Fe Railway Company-----	Authorizing relocating of main line track across State Highway at Gish Station, San Bernardino County-----	Sept. 13, 1924
14058	9138	Southern Pacific Company-----	Order revoking prior order in Decision No. 12337 and dismissing application-----	Sept. 13, 1924
14068	C1698	Railroad Commission, Investigation of-----	Extension of time to comply with requirements of Chapters 499-600—Great Western Power Company-----	Sept. 16, 1924
14069	C1698	Railroad Commission, Investigation of-----	Extension of time to comply with requirements of Chapters 499-600—Pacific Gas and Electric Company-----	Sept. 16, 1924
14070	C1698	Railroad Commission, Investigation of-----	Extension of time in which to comply with requirements of Chapters 499-600—City of Roseville-----	Sept. 16, 1924
14075	9578	Motor Transit Company-----	Order revoking and annulling certificate granted in Decision No. 13640-----	Sept. 17, 1924
14080	C1698	Railroad Commission, Investigation of-----	Extension of time in which to comply with requirements of Chapters 499-600—Lassen Electric Company-----	Sept. 20, 1924
14086	10306	Southern Pacific Company-----	First supplemental order amending Decision No. 13892—grade crossing, Town of Emeryville-----	Sept. 25, 1924
14091	9771	A. B. Watson (Crown Stage Lines)-----	First supplemental order granting extension of time to Pacific Electric Railway Company to comply with order in Decision No. 13843-----	Sept. 25, 1924
14094	10389	Pacific Gas and Electric Company-----	Granting authority to exercise rights and privileges under Ordinance No. 377 of Board of Trustees of town of Santa Clara-----	Sept. 27, 1924
14096	9995	Samuel H. Gunder (Elsinore Gas Works)-----	Granting certificate to operate gas distributing system-----	Sept. 27, 1924
14098	10353	Motor Transit Company-----	Authorizing discontinuance of auto service between Chino and Ontario-----	Sept. 27, 1924
14100	10498	Southern Pacific Company-----	Authorizing discontinuance of station at Carpenter in Sacramento County on Placer-ville Branch-----	Sept. 27, 1924
14101	8886	El Dorado Water Corporation-----	First supplemental order modifying Decision No. 11979—stock-----	Sept. 27, 1924
14107	C2027	Railroad Commission vs. Allan A. Hardie (Beverly Hills-Sherman Transfer Company)-----	Investigation into methods, charges and service-----	Sept. 27, 1924
14109	9055	O. H. Harper and Paul Bernard-----	To discontinue operation of auto transportation service—Willows and Butte City. Certificate revoked and annulled granted by Decisions Nos. 10276 and 12143-----	Sept. 27, 1924
14119	9646	Pacific Electric Railway Company-----	Supplemental order modifying Decision No. 13074—grade crossing-----	Oct. 1, 1924
14124	10433	Pacific Electric Railway Company-----	Granting permission to relocate spur track at grade across Long Beach and Redondo Road in Town of Watson; denying permission to construct siding track-----	Oct. 2, 1924
14125	10442	Southern Pacific Company and Southern Pacific Railroad Company-----	Granting authority to operate relocated "High Line" across San Pedro Street, and to abandon old "High Line" in city of Los Angeles-----	Oct. 2, 1924
14126	10457	California Street Cable Railroad Company and William H. and Justine Niemann-----	Granting permission for former to sell and latter to purchase certain real property in city and county of San Francisco-----	Oct. 2, 1924
14138	10508	Pacific Electric Railway Company-----	Granting permission to relocate railroad track across Hollister Avenue, Dwight Avenue, etc., and to sell certain real property in the city of Santa Monica-----	Oct. 4, 1924
14140	9267	Southern Pacific Company-----	Order of rescission and dismissal—grade crossing, town of Emeryville-----	Oct. 4, 1924
14149	10136	Southern Pacific Company-----	Authorizing discontinuance of agency at Nelson Station, county of Butte-----	Oct. 9, 1924
14150	10175	Southern Pacific Company-----	Authorizing discontinuance of agency station at Paradise, Butte County-----	Oct. 9, 1924
14157	9734	George O. Trapp, Jack Golden and William Schumacher-----	Authorizing discontinuance of water service at Buena Park, Orange County-----	Oct. 9, 1924
14158	10408	Southern Pacific Company, successor to Richmond-San Francisco Transportation Company-----	Supplemental order authorizing Southern Pacific Company to operate auto ferry boat service as originally applied for by Richmond-San Francisco Transportation Company-----	Oct. 9, 1924
14159	C1698	Railroad Commission, Investigation of-----	Extension of time to comply with requirements of Chapters 499-600—Midland Counties Public Service Corporation-----	Oct. 9, 1924



TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDERS—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
14160	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapters 499-600—City of Lompoc	Oct. 9, 1924
14163	C1734	Wilson and Company of California vs. The Atchison, Topeka and Santa Fe Railway Company et al.	Order vacating order of dismissal (Decision No. 14071)	Oct. 9, 1924
14167	10438	Pacific Gas and Electric Company	Authorizing it to exercise rights and privileges under Ordinance No. 222, Board of Trustees of City of Albany	Oct. 10, 1924
14169	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—city of Modesto	Oct. 10, 1924
14174	9606	B. N. Tucker	Supplemental order amending Decision No. 14112—certificate	Oct. 11, 1924
14176	C1994	C. L. Green et al. vs. Indio Water Company	Opinion and order dismissing complaint	Oct. 11, 1924
14181	10291	Book Investment Company	Authorizing abandonment of water service in Wright and Kimbrough Tract 21 in the city of Sacramento	Oct. 16, 1924
14184	10002	William Sandholdt	Authorizing abandonment of public utility wharf at Moss Landing	Oct. 18, 1924
14185	10519	Key System Transit Company and Charles K. Brower	Ordering former to sell to latter certain property	Oct. 20, 1924
14187	10474	Corista Gutbini	Authorizing discontinuance of service of water to consumers at Inverness, Marin County	Oct. 21, 1924
14189	9382	The Atchison, Topeka and Santa Fe Railway Company	Order revoking prior order and dismissing application—grade crossing, city of Orange	Oct. 21, 1924
14191	10032	Southern Pacific Company, Los Angeles and Salt Lake Railroad Company, et al.	Order denying petition for rehearing—grade crossing	Oct. 22, 1924
14193	10531	Monterey County Water Works	Authorizing issue of stock	Oct. 23, 1924
14204	{ A5069 C1414	Pacific Gas and Electric Company City of Stockton vs. Pacific Gas and Electric Company	Opinion and order on rehearing, affirming Decision No. 7881	Oct. 25, 1924
14205	10440	Central Counties Gas Company	Supplemental order modifying Decision No. 14176—bonds	Oct. 27, 1924
14208	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Glendale and Montrose Railway	Oct. 27, 1924
14209	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Coast Counties Gas and Electric Company	Oct. 27, 1924
14210			Extension of time to comply with requirements of Chapter 499-600—Los Angeles Gas and Electric Corporation	Oct. 27, 1924
14211	10106	Petaluma and Santa Rosa Railroad Company	Order revoking prior order and dismissing application—re grade crossing	Oct. 27, 1924
14220	8356	L. E. Thompson	Order revoking and annulling certificate granted in Decision No. 11413	Oct. 27, 1924
14222	7556	States Gas and Electric Company	Former to sell to latter certain property	Oct. 29, 1924
14232	{ 5274 5361	Western Motor Transport Company	Opinion and order denying rehearing—recertificates	Nov. 3, 1924
14239	8009	Bay Shore Stage Company	Re approval of contract	Nov. 5, 1924
14240	10524	Pacific Gas and Electric Company and San Francisco-Oakland Terminal Railways	Approving contract	Nov. 5, 1924
14242	10430	Willits Telephone and Telegraph Company	Denying application to install emergency rates for night service	Nov. 12, 1924
14254	9589	A. B. Bland	Supplemental order revoking and annulling Decision No. 13770	Nov. 12, 1924
14255	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—city of Los Angeles	Nov. 12, 1924

14277	C1976	A. J. Happe vs. Redlands Orange Growers Association et al.	Order affirming prior order (Decision No. 13945). Authorizing construction of under-grade crossings in North Sacramento and approximating the cost of said subways.	Nov. 12, 1924
14278	10226	California Highway Commission	Authorizing increase in rates.	Nov. 17, 1924
14279	10154	Felton Water Company	Authorizing to discontinue as public utility water system.	Nov. 17, 1924
14280	10463	The Corbin Water Company	Authorizing issuance of stock.	Nov. 17, 1924
14281	10573	Howard Terminal Railway	Approving certain agreement.	Nov. 17, 1924
14282	10523	Pacific Gas and Electric Company and Blanche M. Rouleau and Thomas H. Morris	Authorizing to withdraw certain funds on deposit with Central Trust Company of Illinois, trustee.	Nov. 17, 1924
14283	10583	Southern Counties Gas Company of California.	Company ordered to install service connection to complainant's property.	Nov. 21, 1924
14275	C2030	Emma R. York vs. Ocean Park Heights Land and Water Company	Authorizing abandonment and removal of spur track and its non-agency station at Arabia station, Riverside County.	Nov. 21, 1924
14279	10605	Southern Pacific Company	Supplemental order approval stipulation previously filed.	Nov. 21, 1924
14280	10335	The Mountain Copper Company, Ltd.	Authorizing discontinuance of agency station at Sumnerland, Santa Barbara County.	Nov. 25, 1924
14281	10339	Southern Pacific Company	Former to sell to latter water system supplying inhabitants of Glen Arbor, Santa Cruz County.	Nov. 25, 1924
14287	10608	R. L. Young and Santa Cruz County Utilities	Extension of time to comply with requirements of Chapters 499-600—San Francisco-Sacramento Railroad Company.	Nov. 25, 1924
14288	C1698	Railroad Commission, Investigation of.	Extension of time to comply with requirements of Chapters 499-600—Tuculume County Electric Power and Light Company.	Nov. 25, 1924
14289	C1698	Railroad Commission, Investigation of.	To operate vessels on San Francisco Bay between San Francisco and United States Navy Yard at Mare Island granted.	Nov. 25, 1924
14296	10425	E. V. Rideout.	Supplemental order amending Decision No. 11218—grade crossing.	Nov. 28, 1924
14303	10360	J. P. Flynn, City Engineer of Perris.	Order rescinding and dismissing Decision No. 11218—grade crossing.	Nov. 28, 1924
14305	10519	Southern Pacific Company	Authorized to execute mortgage or deed of trust on property.	Nov. 28, 1924
14307	10632	Padro and Ana P. Gonzales	Into certain grade crossings over tracks of Northwestern Pacific Railroad Company along Miller Avenue in town of Mill Valley, county of Marin—dismissed.	Nov. 28, 1924
14308	C1983	Railroad Commission, Investigation of.	Authorizing abandonment of system in San Diego County.	Nov. 28, 1924
14309	10525	Fairmount Water Company.	Extension of time to comply with requirements of Chapters 499-600—City of Glendale.	Nov. 28, 1924
14313	C1698	Railroad Commission, Investigation of.	Authorizing discontinuance of agency at Fruto Station, county of Glenn.	Nov. 28, 1924
14316	10616	Southern Pacific Company.	Authorizing former to sell to latter certain electric distribution lines.	Dec. 2, 1924
14322	10590	Southern California Edison Company and City of Glendale	Supplemental order suspending certificate granted by Decision No. 14173.	Dec. 2, 1924
14325	10502	Dan Wise.	Order denying rehearing—re certificate.	Dec. 2, 1924
14328	9963	Pickwick Stages, Northern Division.	Alleging unlawful operations by defendants—dismissed.	Dec. 4, 1924
14330	C1768	Bakersfield and Los Angeles Fast Freight Company vs. E. M. Hodges, L. E. Mershon et al.	Former authorized to transfer to latter certain water system located in vicinity of Sunland, Los Angeles County.	Dec. 4, 1924
14332	10538	Rowley Distributing System and Haines Canyon Water Company	Supplemental order amending Decision No. 9480—certificate auto freight service.	Dec. 4, 1924
14336	6217	F. M. Hodges, L. E. Mershon and H. A. Rose.	Second supplemental order revoking and annulling certificate granted in Decision No. 14173.	Dec. 9, 1924
14340	10502	Dan Wise.	Extension of time to comply with requirements of Chapters 499-600—City of Loyaltan.	Dec. 9, 1924
14371	C1698	Railroad Commission, Investigation of.	Second supplemental order revoking and annulling certificate granted in Decision No. 11254.	Dec. 13, 1924
14394	9589	A. B. Bland.		



TABLE E—MISCELLANEOUS AND SUPPLEMENTAL ORDER—Continued.

Dec. No.	App. No.	Applicant	Nature of proceedings	Date
14366	C2047	Railroad Commission, Investigation of	Dismissing investigation into rates, etc., for sale of natural gas by Midway Gas Company and Southern California Gas Company to Los Angeles Gas and Electric Corporation.	Dec. 16, 1924
14367	9430	Richmond-San Francisco Transportation Company	Supplemental order revoking and annulling Decisions Nos. 12937 and 13733—certificate.	Dec. 16, 1924
14371	10569	E. E. Thurman	Authorizing discontinuance of water service at Buena Park, Orange County.	Dec. 17, 1924
14372	10597	E. A. Williams	Authorizing discontinuance of water service at Buena Park, Orange County.	Dec. 17, 1924
14376	7808	The California-Oregon Power Company	Supplemental order extending time in which to issue stock previously authorized.	Dec. 17, 1924
14378	8457	County of Tulare	Order rescinding and dismissing Decision No. 12914—grade crossing.	Dec. 17, 1924
14380	9414	Pacific Electric Railway Company	Authorizing abandonment of spur track at Taylor Street near Arlington on Corona Line.	Dec. 18, 1924
14386	10659	Juan Gallegos Water Works and Telles Brothers Water Company	Authorizing former to sell to latter water system serving in vicinity of Mission San Jose.	Dec. 20, 1924
14398	9879	George A. Scott	Extending effective date of Decision No. 14338—certificate.	Dec. 24, 1924
14399	10508	Southern Pacific Railroad Company	Authorizing sale of certain property to Pacific Electric Land Company.	Dec. 24, 1924
14400	10664	Glendale and Montrose Railway	Authorizing disposal of right-of-way near Verdugo Canyon.	Dec. 26, 1924
14402	C1698	Railroad Commission, Investigation of	Extension of time to comply with requirements of Chapter 499-600—Pacific Telephone and Telegraph Company.	Dec. 26, 1924
14412	4719	Town of Sunnyvale and Pacific Gas and Electric Company	Dismissing application for Commission to fix just compensation to be paid by the latter for the former's electric system.	Dec. 27, 1924
14413	10667	Southern Pacific Company	Authorizing discontinuance of agency station at Benton, Mono County.	Dec. 27, 1924
14414	2791	Los Angeles Railway Corporation	Dismissing application to abandon certain street railway lines.	Dec. 27, 1924
14415	10540	City of Oakland	Authorizing extension and construction of East Twelfth Street in vicinity of Melrose Station.	Dec. 30, 1924
14416	10643	Bay Cities Transportation Company	Authorizing operation of vessels upon inland waters of California between San Francisco and Encinal Terminal in the City of Alameda on Oakland Estuary.	Dec. 30, 1924
14417	9614	Southern Pacific Company	Order revoking portion of Decision No. 12939—grade crossing.	Dec. 30, 1924
14425	10296	James Bell and Charles Griffin	Supplemental order amending Decision No. 14388—certificate.	Jan. 2, 1925
14427	10566	California Highway Commission	Authorizing construction of public highway across tracks of Southern Pacific Company near Colorado, Imperial County.	Jan. 2, 1925
14434	C1975	Highway Transport Company et al. vs. Henry E. and P. W. Holmes et al.	Order denying rehearing.	Jan. 5, 1925
14437	C2066	Associated Oil Company vs. Southern Pacific Company	Awarding reparation on shipments of gasoline from Monterey to Watsonville Junction, Santa Cruz, Salinas and King City.	Jan. 8, 1925
14442	10701	Southern Pacific Company	Authorizing discontinuance of handling of freight at station of Redlands (Brookside) San Bernardino County.	Jan. 8, 1925
14443	7147	Sacramento Northern Railroad, Sacramento Northern Railway and The Western Pacific Railroad Company	Seventh supplemental order amending Decision No. 9620, re sale of certain properties.	Jan. 8, 1925

14444	10113	The Archison, Topeka and Santa Fe Railway Company-----	Supplemental order amending Decision No. 14339—re grade crossing, city of Los Angeles-----	Jan. 8, 1925
14445	10246	Palos Verdes Water Company-----	Supplemental order modifying Decision No. 14131—stock issue-----	Jan. 8, 1925
14450	C2072	The McGilvray Raymond Granite Company vs. Southern Pacific Company-----	Awarding reparation on shipments of granite moved during period September 1 to October 15, 1923-----	Jan. 9, 1925
14472	10721	J. F. Partington and M. C. Merrell-----	Authorizing former to sell to latter electric distribution system in town of Big Oak Flat, Tuolumne County-----	Jan. 17, 1925
14488	10718	Southern California Edison Company and City of Anaheim-----	Granting authority to former to sell to latter certain poles, cross arms, insulators, etc. Authorizing abandonment of portion of branch line of railroad—Duncan Mills and Markham, Sonoma County-----	Jan. 27, 1925
14491	10758	Northwestern Pacific Railroad Company-----	Supplemental order authorizing change in auto bus route between Oakland and Piedmont, Alameda County-----	Jan. 27, 1925
14494	6871	San Francisco-Oakland Terminal Railways-----	Fourth supplemental order authorizing use of proceeds from sale of stock-----	Jan. 27, 1925
14497	6923	San Fernando Telephone and Telegraph Company-----	Extension of time to comply with requirements of Chapter 499-600—city of Gridley-----	Jan. 27, 1925
14498	C1698	Railroad Commission, Investigation of-----	Order denying rehearing—rates, to increase-----	Jan. 27, 1925
14502	10187	The Southern Sierras Power Company-----	Supplemental order authorizing execution of mortgage-----	Jan. 27, 1925
14503	10412	Santa Monica Bay Telephone Company-----		Jan. 30, 1925



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